



Evaluating the Export Guarantee Fund Service Quality of Iran and Its Impacts on Attracting the Exporters

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ABSTRACT

In view of management and organization discussions, Guarantee Fund is service organizations which are generally in charge of servicing different classes of people in the society. Providing the ultimate goal of society is offering high quality services, it is obvious that all organizational components such as management, staff, process, financial and monetary sources, equipment and building are effective in achieving this goal. Quality will be defined publicly and generally and achieving, maintaining and promoting it won't be the responsibility of a particular part of Fund, rather the staff of all parts of organization are responsible for it. Quality is a compass specifying the macro-directions of all organizational activities and attempts. The quality of a Fund represents the whole picture of the performance of that Fund. The reduction of the quality shows a deficit in performance and its improvement and enhancement shows right decision making and performance. The current study evaluates the quality of service of export Guarantee fund of Iran and its impact on attracting exporter's by using SERVQUAL model. Assumptions discussed in the paper are the following: SERVQUAL dimensions (Reliability, Responsiveness, Tangibles, Assurance, Empathy) are impact on consumers attract. Guarantee Fund customers are elected as the population and according to Cochran formula for determining the volume of limited Data the sample size is 191, in the first 6 months half of the period 1392 to collect opinions of the people. Data collected using SERVQUAL questionnaires and structural equation modeling (SEM) in Lisrel software was used for data analysis. The results showed that all hypotheses are supported and Responsiveness and Reliability has the greatest and minimum impact on Attracting Customers.

Keywords: Service quality, export guarantee funds of Iran, attracting customers.

1. INTRODUCTION

In the over-competitive era no organization or corporation can succeed without considering the needs, requests and satisfaction of the customers. Recent research showed that service quality effects customer satisfaction and loyalty and the sale

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of a product or service more than the characteristics of the products or service (Sureshchandar et al., 2002). Service quality reduces the costs, increases the satisfaction and loyalty of the customers, increases the benefits and highly effects the performance of the organization (Seth et al., 2005). The organizations seek the best way of increasing their benefits in focusing on the satisfaction of their customers (ibid, 914). That is why during the recent decade many managers and researchers have focused on service quality and the methods of measuring and monitoring it. Understanding the service quality concept and trying to improve it, leads to high quality services and increased quality of services will lead to higher service of the customers.

Service quality is a concept of high importance in marketing of services. Understanding and measuring quality of service have been big challenges for managers of the recent decade. Corporations that are successful in providing services know that having the satisfaction of customers and their loyalty is impossible without considering the quality (Changand & Chen, 1998).

Export Guarantee Fund of Iran is a kind of insurance company which aimed at increasing export, developing international trade and supporting exporters to achieve government objectives. In fact the goal of this fund is increasing export through increasing confidence against the numerous risks of the contemporary era. The main service of the fund is providing insurance and guarantee services for exporting. The fund, which is a sub branch of the Ministry of Trades, is cooperating with Unctad and has been established as an independent entity. Clearly in such an organization the quality of the services provided plays a vital and critical role in satisfying the customers and attracting them.

In this paper we assess the service quality measurement provided by Export Guarantee Fund of Iran and its effects on attracting the customers. Measuring the quality of service is a method used in industries for providing high quality services. Measuring the quality of services help us identify the weaknesses and provide ways to overcome them.

2. LITERATURE REVIEW

2.1 Quality Definitions

Qualitas is a Greek word used by Plato and Aristo to show the distinguishing characteristic (which is the foundation) of one thing. Characteristics of one thing are the features that distinguish (differentiate) it from the others. Also this word is used for characteristics of people and their ethics and thoughts such as independence and integrity (considered as good characteristics). We know a more generalized usage of this word. We talk about the distinguishing

characteristic of one quality thing and separate it from the characteristics of the other things. In quality system 2000 every characteristic that meets the respective needs is called quality. Hence any product that has characteristic that enable it to satisfy the needs of the customers is a quality service and on the other side any product that has characteristic that makes the customers unsatisfied is not a quality product (Ghobadian et al., 1994). The Quality Control Society of the US defines quality as: the characteristics and features of an item of goods that can satisfy the explicit and implicit needs of the buyers. It is clear that the definition is customer-centered and implies that when the company delivers services or products that satisfy the needs, requests and expectations of the customers, the service or product is considered as a quality one (Kotler & Armstrong, 2004).

Lemak et al., (2008) argue that quality is a broad concept to which the whole organization is committed and its goal is increasing the efficiency of the whole set so that the factors reducing the quality are not created and finally with the goal of increasing competitiveness, matches the whole set with the characteristics that are favored by the customers with the lowest cost.

The elements used in providing a service are tangible but providing and delivering services happen at the same time in front of the customer therefore the customer's understanding of the quality of the service is intangible and implicit. That is why the institutions cannot properly identify the customers' opinions about the services they provide. Consequently it is believed that evaluating the quality of many of the services is impossible. Low quality of a product is normally related to its designing and its elements or problems in its raw materials whereas the low quality of a service is directly related to the behaviors and attitudes of the staff towards the customers. Therefore, most experts believe that the main reasons for low quality of services are low concentration during work time, indifference, low motivation, ignoring time accuracy and ignorance of the staff (Schneider, 2002).

Experimental researches show that comprehensive quality management has a positive relation with increasing quality and efficiency along with increasing the satisfaction of the customers and the staff. They also show that effective implementation of quality management improves the performance of the organization in effectiveness and profit making (Shetty, 1993).

Brah et al., (2000) have studied the effects of TQM on the performance of service businesses in Singapore. Their study showed that implementing comprehensive quality management improves the business performance in the service sector in Singapore. They found that although the improvement may be attributed to some tools of TQM such as customer-center and quality improvement rewards, the behavioral and implicit characteristics such as the supports of the senior management, giving authority to the staff and are the key factors in TQM success.

Cronin and Taylor (1992) studied the casual relationship between the quality of services and the satisfaction of the customers and based on their analyses reported that the quality of the services received creates customer satisfaction (Allen & Kilmann, 2001).

Al-Marri et al., (2005) argued that since the banks have long term business relations with their customers, the quality of services plays an important role in such industries. Their research was aimed at developing a theoretical framework for identifying and evaluating the key factors in the success of the banks that have been successful in comprehensive quality management and also identifying market-centered activities that are affected by this approach. They found that 12 key factors including; 1) Senior management supports; 2) Strategy; 3) Constant improvement; 4) Assaying; 5) Customer-centered; 6) Quality department; 7) Human resource management; 8) Quality technology; 9) Service design; 10) Staff; 11) Services diversity; 12) Quality systems are important in implementing a comprehensive quality management. They believe that comprehensive quality management is an organizational activity and approach which is used for constant improvement of services quality in all levels and activities of the organizations. The evidences of their research showed that for the companies to reach an effective comprehensive quality management, a certain level of each factor must be used.

Wen-Yi Sit et al., (2011) studied 101 middle managers of 20 commercial banks in Malaysia. Based on regression analysis between the dimensions of comprehensive quality management and services quality they found that the dimensions of comprehensive quality management including leadership, strategic planning, information analysis and human resource management are positively and significantly related to services quality. They argue that the result of this research can be used for setting priorities in selecting performance dimensions of comprehensive quality management in banking industry. For example the performances that are positively related to services quality are recommended to senior managers. They can reach a higher quality of services by allocating appropriate resources to those performances.

2.2. Services Quality Model (SERVQUAL)

Implementing Strategic quality management necessitates a clear understanding of the organization's attitude toward services quality, customers' expectations, quality perception, quality measures and the main factors defining quality. Understanding the aforementioned items is necessary but not enough for improving the quality of services so conceptual models are needed to help the management in identifying the deficiencies and planning for implementing strategic quality improvement plan (Narteh, 2013).

Parasuraman et al., (1980) started studying services quality indicators and how the services quality is evaluated by the customers. Their model is aimed at identifying the main activities of the organization that affect the perception of quality and evaluates five gaps. This model enables the management to identify the service gaps and their causes.

Gap 1) The difference between the real expectations of the customers and the managers' perception (understanding) of them, gap 2) Difference between the managers' perception of the customers' expectations and the characteristics of quality of services, gap 3) The difference between the quality of services and the services that are offered to the customers in reality, gap 4) The difference between the quality of services offered and the services promised to the customers, gap 5) The difference between the expected services and the their perception of services.

Service quality scale which is known as SERVQUAL or RATOR is based on the conceptual model developed by Parasuraman et al., (1980) that analyzes the gaps of services quality. As already mentioned the fifth gap is the difference between the customers' expectations and the perceptions of services provided by the organization. Clearly narrowing the gap needs identifying and understanding the factors that affect the expectations and perceptions of customers, in other words needs identifying the factors that define services quality. Parasuraman et al., (1985) introduced 10 indicators of services quality and in their following efforts they combined the indicators into 5 dimensions namely reliability, responsiveness, tangibles, assurance and empathy. The dimensions were used as the basis for an instrument for measuring the quality of services which is known as the model of scale of quality of services. The dimensions are:

Reliability: the ability to provide the promised services in an appropriate and trustable way

Responsiveness: willingness to help the customers and quickly delivering them services

Tangibles: the visible conditions of facilities, equipment, staff appearance and communicative tools

Assurance: knowledge and courtesy of the staff and their ability to make the customers assure and trusted

Empathy: concentrate on and pay attention to each customer (Omar, 2011)

2.3. Research Hypotheses

Based on the aforementioned model, this research has the following assumptions:

Performance of the Fund regarding tangibles (physical factors) is significantly and positively associated with attracting the customers

Performance of the Fund regarding reliability is significantly and positively associated with attracting the customers

Performance of the Fund regarding responsiveness is significantly and positively associated with attracting the customers

Performance of the Fund regarding assurance is significantly and positively associated with attracting the customers

Performance of the Fund regarding empathy is significantly and positively associated with attracting the customers

Every dimension includes some factors (items) which are measured by a 7 point scale from “Strongly agree” (7) to “Strongly disagree” (1). The model that includes 22 factors (items) is divided into two parts. The first part represents the customers’ expectations from the service providers and the second part represents the customers’ perceptions of the services provided. Finally, the total quality is calculated based on the gap between the scores of expectations and the perceptions of the participants (Kumar et al., 2009).

3. RESEARCH METHOD

The current research is descriptive and correlative in terms of data collection and has used structural equations model. In this research data is collected from literature review and questionnaires. The population includes the customers of Export Guarantee Fund of Iran in Tehran and the research is conducted in 2013. Random sampling is used in this research. 250 questionnaires were distributed among the clerks and 202 filled questionnaires received back. Using pre-test method 30 questionnaires were distributed and since all the quantities (scores) in both current and ideal situations are over 70% validity and reliability of the measurement tool are confirmed (Table 1). Correlation coefficient and structural equations are used to test the assumptions of the research and LISREL and SPSS are used for statistical calculations.

Table 1: Reliability of the Dimension in Pre-Test

Dimension	Cronbach's alpha (current situation)	Cronbach's alpha (ideal situation)
Responsiveness	0.85	0.81
Tangibles	0.867	0.832
Reliability	0.874	0.821
Empathy	0.827	0.781
Assurance	0.841	0.77
Attracting customers	0.815	0.79

4. HYPOTHESES TESTING

4.1. Variables Normality Test

Before testing the hypotheses, we need to make sure that the variables are standard (normal) first, hence Kolmogorov–Smirnov test was used for testing the normality of sample distribution. The Kolmogorov–Smirnov test can be serves as a goodness of fit test. It compares cumulative distribution of your values with the cumulative distribution of the same values in a specific theoretical distribution. If the distance between them is big enough, the test shows that the values do not fit one of the theoretical distributions. In this test if P-Value < .05 then the null hypothesis is rejected which means the distribution is not a normal, Posion, exponential or steady one. For the purpose of the test the following hypotheses are developed:

H₀: the distribution of the values is normal.

H₁: the distribution of the values is not normal.

Table 2: The Variables Normality Test

Variable	Values	Numbers	Significance level
Tangibles	0.735	202	0.625
Assurance	1.073	202	0.2
Reliability	0.825	202	0.67
Empathy	0.774	202	0.586
Responsiveness	1.15	202	0.32
Attracting customers	0.983	202	0.28

Since all the significance levels are higher than 0.05, normality of all variables is acceptable with 0.95 confidence level.

4.2. Correlation Test

In the second step, we need to make sure that a significant and positive association exists between variables first and then evaluate the hypotheses using structural equations models (which are based on regression analysis and investigates the causal relationship between variables). Since all the variables are normal Pearson correlation analysis is used. The results of correlation analysis are presented in Table 3. Regression analysis result represents a significant association between the variables and it can be claimed that in 0.99 of confidence level all variables have significant association with each other.

Table 3: The Results of Pearson Correlation Test

Variable		Tangibles	Assurance	Reliability	Empathy	Responsive-ness	Attracting customers
Tangibles	Correlation coefficient	1	0.398	0.372	0.286	0.382	0.415
	Significance level	0.000	0.000	0.000	0.000	0.000	0.000
Assurance	Correlation coefficient	0.398	1	0.401	0.394	0.562	0.379
	Significance level	0.000	0.000	0.000	0.000	0.000	0.000
Reliability	Correlation coefficient	0.372	0.401	1	0.501	0.428	0.402
	Significance level	0.000	0.000	0.000	0.000	0.000	0.000
Empathy	Correlation coefficient	0.286	0.394	0.501	1	0.350	0.432
	Significance level	0.000	0.000	0.000	0.000	0.000	0.000
Responsive-ness	Correlation coefficient	0.382	0.562	0.428	0.350	1	0.503
	Significance level	0.000	0.000	0.000	0.000	0.000	0.000
Attracting customers	Correlation coefficient	0.415	0.379	0.402	0.432	0.503	1
	Significance level	0.000	0.000	0.000	0.000	0.000	0.000

4.3 Structural Equations Modeling

Structural Equations Modeling is applied for two purposes: a) Measuring events and b) Assessing the relationship between the events. In this research both functions, measuring and testing the (structural) hypotheses and measuring the fitness of the model have been studied. In the following figures standard coefficients and significance levels are represented respectively.

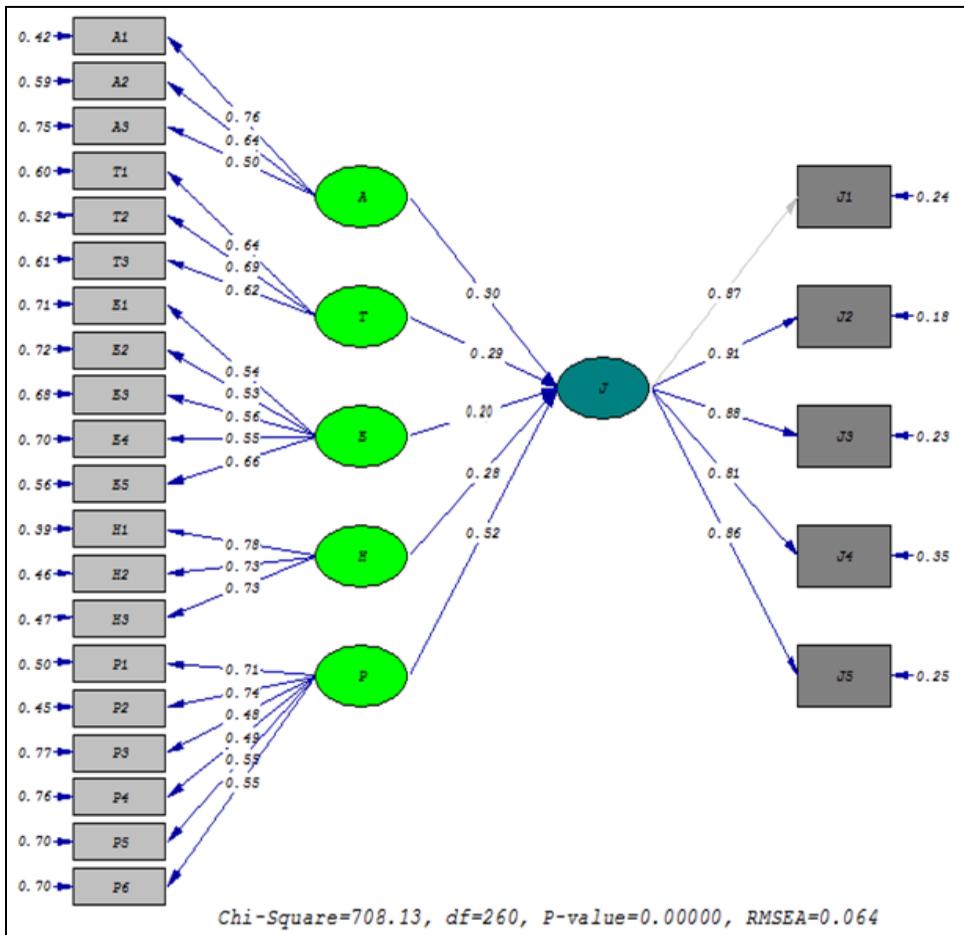


Figure 1: Standard Coefficients of Structural Equations Modeling

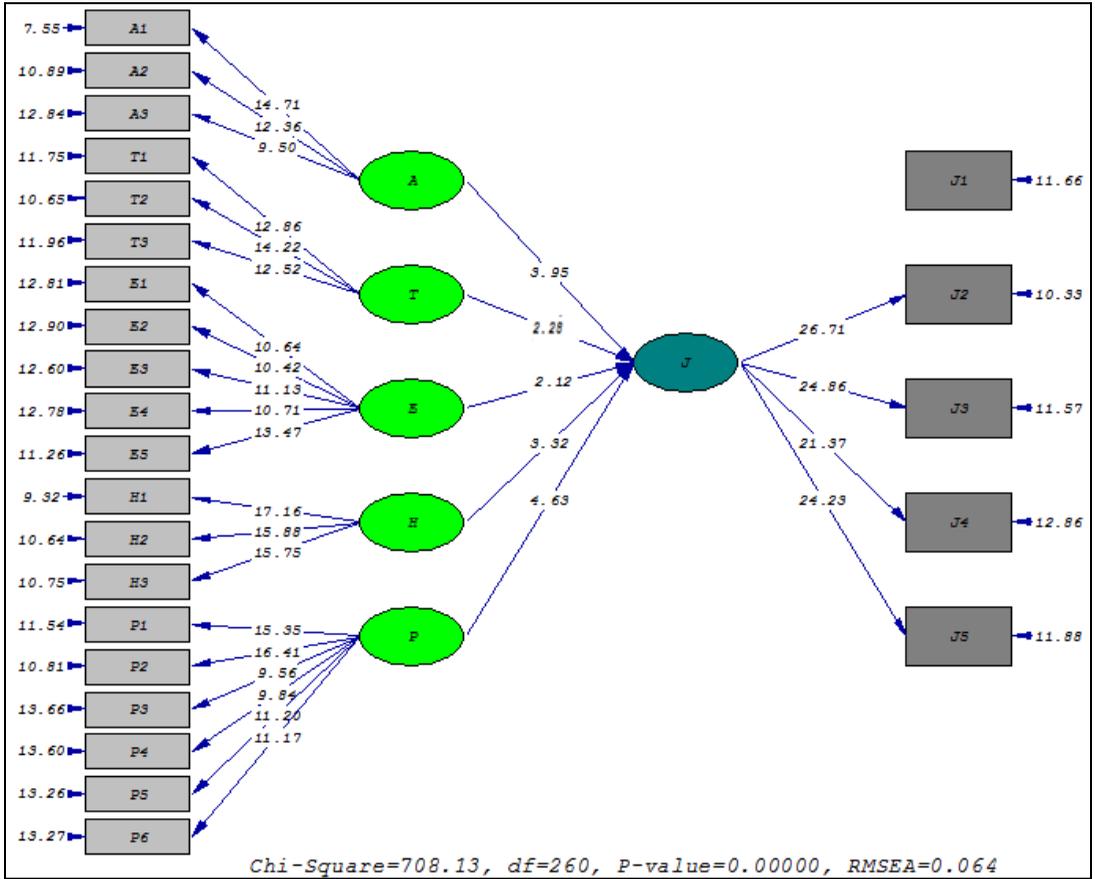


Figure 2: Significance Levels of Structural Equations Modeling

Generally when T-value is more than $|1.96|$ or $|2.576|$ there is a significant association between the two structures for error levels of 5% and 1% respectively. Since the 5% error level is chosen, 1.96 is acceptable. The results of hypotheses testes of the research are presented in Table 5.

Table 5: Positive and significant association of all variables

Hypotheses	Standard coefficient	Significance level
Tangibles - attracting customers	.3	3.95
Reliability - attracting customers	.2	2.12
Assurance - attracting customers	.29	2.28
Responsiveness - attracting customers	.52	4.63
Empathy - attracting customers	.28	3.32

Based on the results the positive and significant association of all variables is accepted in Table 5.

5. RESULTS

Based on the literature five factors namely responsiveness, empathy, reliability, assurance and tangibles (which are the variables of SERVQUAL model) were selected and their factors (items) were identified. The five hypotheses were investigated using structural equations modeling and none of the hypotheses were rejected.

6. DISCUSSIONS

Since the significance level of 3.95 is higher than the critical level of 1.96 and standard coefficient is +0.30 it can be stated that tangibles and physical factors in Export Guarantee Fund of Iran are significantly and positively associated with attracting customers. The tangible variable refers to physical evidences of services including physical facilities, equipment or tools, building conditions, the visual aspects of working and the tidiness of the staff. Referring to the results of standard coefficients in structural equations modeling, the measured indicators are: comprehensibility of the correspondence papers for the customers of the fund 0.76, refreshment facilities for the waiting time of the customers 0.64 and easy access to the brokers of the Fund 0.50 in identifying the factor tangibles. This is the second most effective variable after responsiveness in attracting customers. Accepting this hypothesis means that if the managers of the Fund are working in attracting customers they need to consider tangibles in designing the branches. Based on the results of the standard coefficients of structural equations modeling comprehensibility of the correspondence papers for the customers is the most significant factor in tangibles.

H1: Performance of the Fund regarding tangibles (physical factors) is significantly and positively associated with attracting the customers

Since the significance level of 2.12 is higher than the critical level of 1.96 and standard coefficient is +0.20, reliability is significantly and positively associated with attracting customers in Export Guarantee Fund of Iran. As already mentioned, reliability or trust can increase the staff's capability in providing proper services in the promised times. Based on the obtained results, providing correct information about risky countries, international banks and export markets to the customers 0.66, trusting the customers about their information about selecting the insurance or guarantee 0.56, assessing the credit of foreigner buyers 0.55, providing proper and fast services to clients 0.54, trusting the customers in

hiring experts and defining the losses 0.53 affect defining the reliability variable. Referring to the results this variable has the lowest effect on attracting customers in Export Guarantee Fund of Iran. Providing correct information about risky countries, international banks and export markets to the customers has the main role in identifying this variable and has the narrowest gap of services. It means the Fund has properly noticed the importance of this factor in gaining reliability.

H2: Performance of the Fund regarding reliability is significantly and positively associated with attracting the customers.

Since the significance level of 2.28 is higher than the critical level of 1.96 and standard coefficient is +0.29, it can be stated that assurance is significantly and positively associated with attracting the customers. Referring to the results the Fund's guarantee to pay the losses on time 0.69, confidentiality of the information and records of the customers 0.64, the Fund's guarantee to cover the risk of losing repayments of products or services exported 0.62, affect defining the assurance variable. Referring to the results presented in table 4-12 the Fund's guarantee to pay the losses on time has the most important role in the assurance variable and has the narrowest gap of services which means the Fund pays attention to the importance of each factor. The results of the current study corresponds the results of Anderson and Lazeng (1997) research and confirms them.

H3: Performance of the Fund regarding responsiveness is significantly and positively associated with attracting the customers

Since the significance level of 4.63 is higher than the critical level of 1.96 and standard coefficient is +0.52, it can be stated that the performance of the Fund regarding assurance is significantly and positively associated with attracting the customers. On the other hand, comparing the significance levels it is stated that this variable has the most important role in attracting customers. Referring to the results, providing various services regarding insurance, guarantee and loss 0.74, using email, phone and SMS for informing the customers 0.71, quick responses to the customers and quick connection between the banks and Export Guarantee Fund of Iran 0.58, answering the client's complaints or requests electronically (through the Fund's website).55, the personnel's courtesy in answering customers 0.49, providing the promised services in the promised time 0.48 affect identifying effective responsiveness. It was concluded that the variable of providing various services regarding insurance, guarantee and loss which is the most important variable has the narrowest service gap. The results of the current research corresponds the researches of Anderson and Lazeng (1997) and Chingfo Chang (2008).

H4: Performance of the Fund regarding assurance is significantly and positively associated with attracting the customers.

Since the significance level of 3.32 is higher than the critical level of 1.96 and standard coefficient is +0.28 it can be stated that the performance of the Fund regarding empathy is significantly and positively associated with attracting the customers. Referring to the results, dedicating enough time to various requests of the customers 0.78, providing services during holidays 0.73, regular meeting between the authorities and clients and reporting about the procedures to clients 0.73, affect identifying empathy variable. It needs to be mentioned that dedicating enough time to various requests of customers which is the most important factor, has the narrowest service gap and it means the executives of the Fund have correctly identified the important factors and removed the gap. The results of the current research correspond with the findings of Karana et al (2000).

H5: Performance of the Fund regarding empathy is significantly and positively associated with attracting the customers.

7. RECOMMENDATIONS

In this section based on the findings of the research, the following recommendations are offered to improve the quality of services of the Fund:

To develop service quality standards: to improve the quality of the services provided by the Fund, it is recommended to develop services quality standards of the Fund based on the expectations and perspectives of the customers and the results of continuous evaluation of services quality and customers' satisfaction.

To constantly measure the expectations and needs of customers: to develop quality standards based on the expectations and needs of customers and to increase discretion and deciding capabilities, the executives and managers of the Fund and the brokers should try to collect information about the expectations and needs of customers through formal and informal ways.

Paying attention to the suggestions and requests of customers through creating and enforcing channels of gathering, classifying and analyzing the suggestions and finally applying the results based on the importance of them and the capabilities of the organization, must be of the priorities of the organization.

Improving the knowledge, skills and capabilities of the staff: the staff of the Fund has an important role in providing quality services (compliant with the standards) and satisfying the customers. So to aware the staff about their important role and

improve their skills, a suitable educational and motivational system is needed to be established. The behaviors of the personnel with the clients must be monitored through different ways and channels and the clerks who have a suitable performance and behavior should be rewarded in order not to have quality gap or lose customers satisfaction because of poor human performance.

To pay attention to staff satisfaction to increase customers satisfaction: since the satisfaction of external customers is strongly dependent on internal customers (staff), it is suggested that great attention should be paid to the staff's livelihood and satisfaction. In that way their minds are freed from livelihood affairs and they can have a better performance and have a better behavior with the customers.

By looking at the service quality improvement plan as an income source, managers and the staff may think that currently the main objective is attracting more customers to achieve the financial and credit goals and the other affairs including quality are overshadowed. The organizational culture must be changed through educational and cultural plans in a way that all the staff come to the belief that improving the quality of services is the best way to achieve the financial and credit goals. Consequently the customers are satisfied and using the services of the fund and increase in profitability of the fund is guaranteed.

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