

CHAPTER TWO

REVIEW OF LITERATURE

This chapter reviews the literature in three main areas along with a summary:

- (1) The Theory of Human Needs & Type of Needs
- (2) The concept of Customer Satisfaction
- (3) The Dimension of Service Quality
- (4) Measurement of Service Quality
- (5) Relevant Previous Research

2.1 THE THEORY OF HUMAN NEEDS & TYPE OF NEEDS

Newstrom and Keith (2002, pp. 106) showed that there are various ways to classify needs. A simple one is (1) basic physical needs called **primary** needs, and (2) **social and psychological** needs, called secondary needs. The physical needs include food, water, sex, sleep, air, and a reasonably comfortable temperature. These needs arise from the basic requirements of life and are important for survival of the human race. They are, therefore, virtually universal among people, but they vary in intensity from one person to another. For example, a child needs much more sleep than an older person.

Secondary needs are more vague because they represent needs of the mind and spirit rather than of the physical body. Many of these needs are developed as one matures. Examples are rivalry, self-esteem, and sense of duty, self-assertion, giving, belonging, and receiving affection. The secondary needs are the ones that complicate the motivational efforts of managers. Nearly any action that management takes will affect secondary needs; therefore, management planning should consider the effect of any proposal action on the secondary needs of employees.

2.2 THE CONCEPT OF CUSTOMER SATISFACTION

Many definitions of Customer Satisfaction have been provided as follows,

From the Cambridge Advanced Learner's Dictionary; Satisfaction has been defined as a pleasant feeling which you get when you receive something you wanted, or what you have done something you wanted to do.

Zikmund, McLeod, and Gilbert (2003, pp. 73) stated that Customer Satisfaction is a post-purchase or post-choice evaluation that results from a comparison between those pre-purchase expectations and actual performance.

Ferrel and Hartline (2005, pp. 124) explained that Customer Satisfaction is typically defined as the degree to which a product meets or exceeds the customer's expectations about the product.

In "Services Marketing" by Zeithaml, Bitner, and Gremler (2006, pp. 110) it was claimed that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met the customer's needs and expectations. Failure to meet needs and expectations is assumed to result in dissatisfaction with the product or service.

In addition, the Customer Satisfaction towards products and services occurs from many factors:

1. **Product and Service Features:** Customer satisfaction with a product or service is influenced significantly by the customer's evaluation of product or service features.
2. **Consumer Emotions:** Customers' emotions can also affect their perceptions of satisfaction with products and services. These emotions can be stable, preexisting emotions.
3. **Attributions for Service Success or Failure:** influence perceptions of satisfaction as well. When they have been surprised by an outcome (the service is either much better or much worse than expected), consumers tend to look for the reasons, and their assessment of the reasons can influence their satisfaction.
4. **Perception of Equity or Fairness:** Notion of fairness is central to customers' perceptions of satisfaction with products and services, particularly in service recovery situations.
5. **Other Consumers, Family Members, and Coworkers:** Apart from one's own individual feelings and beliefs, consumer satisfaction is often influenced by other people.

Furthermore, according to Kotler (2003, pp. 61) satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. If the

performance falls of the expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds the expectations, the customer is highly satisfied or delighted

2.3 THE DIMENSION OF SERVICE QUALITY

Zeithaml, Bitner, and Gremler: 2006, pp. 116 –117 presents the factors of how consumers evaluate a business' quality. In order to serve the best things to the customers, the service providers should hold the 5 aspects below,

1. Tangible: Appearance of physical facilities, equipment, personal, and written materials.
2. Reliability: Ability to perform the promised service dependably and accurately.
3. Responsiveness: Willingness to help customers and provide prompt service.
4. Assurance: Employees' knowledge and courtesy and their ability to inspire trust and confidence.
5. Empathy: Caring, individualized attention given to customers.

2.4 MEASUREMENT OF SERVICE QUALITY

SERVQUAL instrument or Service Quality model, which has been studied by many theorists, is used to measure the quality of a provided service.

SERVQUAL Dimension and definition in Service Quality: Research Perspective by Scheinder and White (2004, pp. 33 – 34) explained six dimensions of Service Quality which adapted from Christian Gronroos

1. Professionalism and Skills

Do the employees, physical resources, and operational systems of the organization have the knowledge and skills to solve customers' problems in a professional way?

2. Attitudes and Behaviors

Do the service employees (contact people) show concern for customers and interest in solving their problems in a friendly and spontaneous way?

3. Accessibility and Flexibility

Is the service provider (e.g., its location, operating hours, employees, operational systems) designed so that customers can access the service easily and so that the provider can adjust to the demands and wishes of a customer in a flexible way?

4. Reliability and Trustworthiness

Do the customers know that they can rely on the service provider, its employees, and its systems to keep promises and perform with the best interest of the customer at heart?

5. Recovery

Do the customers realize that whenever something goes wrong or something unpredictable happens, the service provider will immediately take the necessary step to keep the customer in control and to find an acceptable new solution?

6. Reputation and Credibility

Do the customers believe that the operations of the service provides can be trusted and give adequate value for the money, and that it stands for good performance and values which can be shared by customers and the service provider?

2.5 RELEVANT PREVIOUS RESEARCH

Researcher about customer satisfaction has been studied widely; here are some in which customers are used as a model:

Adcharee Raksakul (2005) studied the "Customer Satisfaction with Machinery Group at Hakuto (Thailand) Ltd. "The study was aimed to measure the customer

satisfaction level in terms of support staff, sales representative, delivery process, product, and price. The results found that most of the customers were satisfied with most aspects of the company; however, the degrees were different.

The customers were satisfied with the support staff especially with their availability to help, accurate delivery of delivery process including the courtesy of sales representatives which received a high score of satisfaction (\bar{X} 4.08). Moreover, the customer satisfaction level with products was quite high except maintenance cost. Conversely, product price was too high to buy.

Ardis Petcharat (2005) explored the “Expectation of Users Utilizing Public Toilets: A Survey at Thammasat University, Tha-Prachan Campus” and found that most respondents feel moderately satisfied with the public toilets at Thammasat University: Tha-Prachan Campus but 5 areas, which needed improvement were odor adjustment, supply of toilet paper, condition of all facilities, equipment for the disabled, and operating hours because of receiving low satisfaction score.

From the study of Wanchai Ruengkitpinyo (1999) on “Contentment of the Clients toward the Service of Thai Farmer’s Bank Ltd. (Public company) Klongtoey branch” with the objective to study the feature of the bank facility, the clients behavior, and including the satisfaction level.

The study revealed that the most customers were very satisfied with Thai Farmer’s Bank: Klongtoey branch ranking from low to high as follows:

1. Satisfaction with the Bank facilities (\bar{X} 3.59)
2. Satisfaction with employees (\bar{X} 3.87)
3. Satisfaction with the services (\bar{X} 4.06)

However, because of frequent electronic equipment breakdowns, the customers felt dissatisfied (\bar{X} 2.86).

In the next chapter, the methodology will be discussed.