Explanation of the Role of Customer Participation in Production on Customer's Compatibility and Satisfaction

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Abstract

The researches on the relationship marketing concepts has an exponential growth, however it has not been paid any attention to the compatibility issue and understanding between customers and staff who are directly in contact with customers, especially in the field of banking services in developing and traditional economies, yet. The aim of this study is investigating the role of customer participation in the production through the relationship benefits caused by long-term relationships between employee and customer and its effect on compatibility and customer satisfaction among the customers of Parsian Bank. This is a descriptive and study done by survey method. The population are the customers of Parsian bank branches in Tehran and the data collection method is questionnaire (n=386). The conceptual model and hypothesis of the research has been studied through LISREL software program and structural equations modeling technique. The results show that the customer participation in production has a positive significant effect on compatibility and it has a significant effect on customer satisfaction. Also the results of the research indicate that all three variables: confidence, social and special treatment benefits have an effect on customer participation, but among them, the effect of social benefit, confidence benefit and at last special treatment benefit respectively, has the most effect on the customer participation variable.

Keywords: Relationship Benefit, Customer Participation, Customer Compatibility, Customer Satisfaction.
Introduction
Attracting the customer satisfaction is the most important tasks and priorities of the companies’ management and one of the most important requirements of the companies and organizations’ progress. Today, the definition of customer is fundamentally different from what existed in the past. This means that the customer is not only the buyer of a product or service, but also he is an active and effective member in all business activities. During the past ten decades, the service organizations have shown more tend to encourage customers to participate in the process of production and services. The banking industry has not been an exception and with modern ways including the use of ATMs and Internet banking has been attracting the customer participation. With this process, for sure customers are an integral part of the service provider system (Lang Nik-Hal et al., 2000). This study aims to study the customer participation with relationship benefits on compatibility and customer satisfaction in the case of banking presence extract the new strategies for banks to achieve competitive advantage and become the first choice of the customers.

Review of Literature
Customer participation:
Participation in production is a joint activity in which the service provider and the customer produce the service. The quality of the final service in this joint activity is depending on the nature of the interaction and quality of communication between both parties. In fact, participation in production is an interaction in which the parties offer different sets of abilities and capabilities and coordination between these sets have effects on the final output and condition of participation in the production (Kuusisto & Viljama, 2004). Recent researches in organizational behavior and marketing pointed out that the area of manufacturing and services to a greater extent is dependent on the field of physical strength and intellectual clients. For example, patients who are doctors’ clients help doctors to diagnose their illnesses with the proper description of their symptoms. Institutes of health advisory services, financial and insurance, customer and employee information and prepared documents help the consultant and employees to provide service more effectively. But it is not compatible with the nature of most manufacturing operations and customers may be able to have impact in certain cases of product design. In general, customers in manufacturing systems to customers, have less opportunity to apply knowledge and labor in the production process (Bowen & Jones, 1986). Despite the large amount of studies about the participation in the production, a few of them particularly have focused on the relationship between this concept and customer satisfaction. However, some researchers analyzed the effect of the quality of customer participation (Kelley et al 1990, Lengnick-Hall, 1996, Bettencourt, 1997), customer satisfaction and value creation (Chu & Jillian, 2010). Also Wu & Wang (2009), proposed to introduce a model of mediated participation in social benefits, the benefits of the trust and how to deal with customer has a positive effect on loyalty in institutional investors. Generally, three types of interaction are expressed in the service delivery process for customers as follows: 1. the customer interaction with service provider; 2. the customer interaction with the server environment; 3. the customer interaction with other customers (Moore, et al, 2005).

Compatibility
In advertising terms, compatibility is studied in terms of sales or service relationship (Weitz, et al, 2007). But the precise definition of compatibility is not clearly specified. The major part
of the definition indicates that compatibility is a good service experience (Weitz, et al, 1992). Carrie et al (2005) have defined compatibility as a relationship quality that the characteristic are satisfactory relations and mutual understanding. People feel the adaptability when they have “fit” experience in dealing with specific individual (Tickle-Degnen & Rosenthal, 1990). Understanding generally takes shape from the interaction between employees and customers one or several times (Hennig-Thurau, 2006) and it is an indicator to determine the quality of relationship (Gremler and Goiner, 2000). Compatibility can be known as benefits of long-term customer relationships with service providers (Chung and Chen, 2007). In services term, compatibility represents "a customer's perception of delightfully interactive with service provider that is shaped by the interaction between two" (Gremler and Goiner, 2000). They believe that the understanding is made of two important aspects of the “enjoyable interactions” and "personal communication". A personal relationship aspect is showing a link between the two sides that shows a strong sense of dependence and enjoyable interactions is one of the effective criteria for evaluating the real interaction between the parties and describes the positive interaction (Gremler and Goiner, 2000).

Customer Satisfaction
In recent years the importance of customer satisfaction has become an important issue for marketing managers (Benet, 2004). All executives believe that customer satisfaction is a key factor in organizational success and perhaps most important task is attracting customer satisfaction. The importance of customer satisfaction for the organization is to the extent that a satisfied customer is a positive asset because through reuse serving, repurchase products or word of mouth leads to increased organization profit (Gilbert, 2000).

The definition of customer satisfaction
A customer satisfaction is a feeling or attitude of a customer towards a product or service after its use (Jamal and Naser, 2002). Cutler (2011) defines the customer satisfaction as a degree that actual performance of a company meet customer expectations. Cutler defined satisfaction as: satisfaction is pleasant or unpleasant feelings of a person that compared the mental performance with expectations. According to Cutler, if the company meets the customer expectations, customer is feeling satisfaction otherwise dissatisfaction. Customer satisfaction is an emotional response which is achieved from the interaction with the customer, supplier or product consumption. In fact satisfaction is achieved from different understanding between customer expectations and actual performance of the product, or organization (Saghayi and Kavousi, 2005). ISO 9000 (version 2000) definition of satisfaction is: “the customer understanding from the degree of fulfilling their requirements.” Pafrat and Sebastian have suggested, the main goal of customer satisfaction is that the organization is receiving feedback from customers, activities and resources to lead the way to achieve the important aim ultimately which is customer retention and long-term relationship with him (Saghayi and Kavousi, 2005). As a result, any organization must consider the customer needs and satisfaction more than before for their survival in the third millennium. Customer satisfaction and loyalty (Haverila, 2011; Kelly & Turley, 2001; Matzler et al, 2007) recommending others (Jamal and Naser, 2002) and profitability of the company (Bernhardt et al, 2000; Chi & Gursoy, 2009) is effective. Recent researches have emphasized on the field of relationship marketing to influence employee behavior skills and on customer satisfaction (Biedenbach et al, 2011; Ranjbaran and Barari, 2009; Venus and Zohouri, 2011).
Beneficial Relationship
The beneficial relationship can be defined as customer benefits of long-term relationships with service providers apart from the main characteristics of the product (Chung and Chen, 2007; Colgate et al, 2005; Goiner et al, 1998; Kinard and Kopela, 2006). In fact, these benefits are the result of customer involvement in long-term relationships with service provider. The effect of these benefits will make customers more loyal to their service providers (Molina, 2007). And long-term personal relationships between employees and customers are of great importance and could affect customer evaluation of goods and received services (Beatty et al, 1996). In fact making strong relationships with customers is one of the competitive advantages (Goiner, Gremler and Beatner, 1998). In service businesses strong relationships with customers is of great importance, because service businesses are inherently focused on interpersonal relations and there are relatively little evidence of objective indicators for assessing service quality (Serpil, 1990). This issue in the service sector that requires interaction between customers and employees is more important (Gremler et al, 2001). Several studies have been conducted to identify the foundations of relational benefits. Reynold and Betty (1999) in their study identified two categories of advantages in the relationship between seller and buyer that includes the benefits of relational and functional benefits. Goiner et al (1998) in their study to identify the benefits of a relationship of long-term relationships between customers and companies achieved into three benefit categories: The advantage of Confidence benefit (decrease anxiety, understanding what should be expected from his relations), social benefits (the development of personal and intimate relationship with the seller) and the special treatment benefits (proportionality services, faster and with discounts price). By reviewing literature of these studies on relationship benefits it was found that Goinr et al model (1998) is more important. Therefore in this study for relationship benefits, we used the three presented foundations of their model.

Method
Type of Research
This is a descriptive research that is done in a survey method; it studies the effect of customer participation in production by Beneficial Relationship on the consistency and customer satisfaction among the customers of Parsian Bank in Tehran.

Conceptual Model of Research
Conceptual model of research is derived from the article of Fatima et al. (2013); we will study and explain the present relationship among them in following.
The research Hypotheses

**Hypothesis 1:** Customer participation has a positive effect on Compatibility.

**Hypothesis 2:** Customer participation has a positive effect on customer satisfaction.

**Hypothesis 3:** Presenting the confidence benefit by service provider has a positive effect on customer participation.

**Hypothesis 4:** Presenting the social benefit by service provider has a positive effect on customer participation.

**Hypothesis 5:** Presenting the special treatment benefits has a positive effect on customer participation.

**Hypothesis 6:** The effect of special treatment benefits is more than the effect of confidence benefits and the effect of confidence benefits is more than the effect of social benefits.

**Hypothesis 7:** Compatibility has a positive effect on the customer satisfaction.

The Population, Sample and Sampling Method

Population of this study is the customers of Parsian Bank in Tehran. Due to the non-limitation of population, the following equation has been used to obtain the sample.

\[ n = \frac{Z_{\alpha}^2 \times P(1-P)}{d^2} \]

- \( n \) = the minimum sample size in the bank
- \( Z_{\alpha} \) = 95% of confidence level = 1.96
- \( d \) = the level of permitted error (0.05)
- \( P = 0.5 \)

In this study, the simple random sampling method is used to achieve the desired sample size.
Data Collection Tools
A questionnaire is used to collect the required data. The questionnaire consists of two parts, general questions (first part) and specific questions (second part). The second part is related to the questions of the research variables that is consisted of 26 questions including 4 questions about confidence benefits variable, 4 questions about social benefits variable, 3 questions about special treatment benefits variable, 3 questions about the customer participation variable, 7 questions about compatibility variable and 5 questions about the customer satisfaction variable. The five-item Likert Scale is used as the scale of measuring the items.

Assessment of Reliability and Validity
Cronbach's alpha coefficient was used to measure the reliability of questionnaire. The results are presented in Table (1-3).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of the questions</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confidence benefits</td>
<td>4</td>
<td>0.749</td>
</tr>
<tr>
<td>Social benefits</td>
<td>4</td>
<td>0.915</td>
</tr>
<tr>
<td>Special treatment benefits</td>
<td>3</td>
<td>0.825</td>
</tr>
<tr>
<td>Customer participation</td>
<td>3</td>
<td>0.714</td>
</tr>
<tr>
<td>Compatibility</td>
<td>7</td>
<td>0.909</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>5</td>
<td>0.912</td>
</tr>
</tbody>
</table>

Table (3-1) Cronbach's alpha coefficient for the questionnaire

In this study, it can be claimed that the validity of data collection tools has been favorable due to the fact that alpha coefficient of all variables is greater than 70 percent.

Analyzing of Findings
According to the results, in terms of gender and among 384 selected samples, 49.5 percent of respondents are male and 50.5 percent of them are female. In terms of age, 1 percent of respondents are younger than 20 years old, 20.5% in the range of 21-30 years old, 48.3 percent in the range of 31-40 years old and 17.7 percent are in the range of 41-50 years old, 10.6 percent in the range of 51-60 years old and 1.8 percent of them are older than 60 years old. In terms of education level, 22.1 percent of respondents have diploma degree, 11.9 percent of them have associate's degree, 36.9 percent have bachelor's degree and 26.7 percent of them have master's degree or higher. In terms of job area, 38.9 percent of respondents work in state-owned part, 22.2 percent of them work in private part, 19 percent have their own business, 11 percent are housekeeper, 3.5 percent are retired, 1.2 percent are jobless, 3.7 are studying and 0.6 are working in the other parts.

The structural equation modeling technique and software LISREL are used to study the conceptual model of the study. The results of the model are presented in Table (1-4). It should be noted that the standard coefficient among the variables of the study show the intensity and direction of the relationship among variables. But when these coefficients are significant, the significant coefficients corresponding to each relationship are placed outside of the range of +1.96 and -1.96.
| First | Self-emotion assessment has an effect on employees' turnover intentions. | 0.93 | 5.94 | accept |
| Second | Effect of Customer participation on customer satisfaction | 0.25 | 1.07 | Rejection |
| Third | Effect of confidence benefits on Customer participation | 0.35 | 4.80 | accept |
| Forth | Effect of social benefits on Customer participation | 0.52 | 4.46 | accept |
| Fifth | Effect of special treatment benefits on Customer participation | 0.22 | 0.61 | accept |
| Sixth | The effect of priority to special treatment benefits, confidence benefits, social benefits | - | - | Rejection |
| Seventh | Effect of compatibility on customer satisfaction | 0.46 | 2.04 | accept |

Table (1-4) the results of the research hypothesis

According to the above table, it can be concluded that the second hypothesis (the effect of participation on the customer satisfaction) is rejected. Also the sixth hypothesis of the research that specifies the importance degree of each relationship benefit is rejected. The results of conceptual model of research are presented in figure 1-4.
Conclusion
This study studies the role of customer participation in compatibility and satisfaction among the customers of Parsian Bank. The results of the research indicate that customer participation in the production has a significant effect on compatibility, but it does not show a significant effect on customer satisfaction. Also the three foundations of relationship benefits have an effect on customer participation in the production, but the social benefits, then the confidence benefit and finally the special treatment benefits have the greatest effect on the customer participation. The Table 5-1 shows the importance of each relationship benefit in the different communities. As it is seen in the table, the importance degree of relationship benefits is the same in Iran and Bangladesh and differs from Western society. More importance of social benefits compared to two other benefits could indicate a "social norm" in Iranian culture. Peterson and Smith (2001) after doing the researches in Thailand found that the results had been inconsistent with the results of basic research done by Guiner and et al. (1998). Henig- Tura et al (2002) also confirmed that among the three major benefits, the confidence benefit has the strongest effect. This suggests that the relationship benefits have significant effects on multiple types of related results.

<table>
<thead>
<tr>
<th>studies</th>
<th>place</th>
<th>findings</th>
</tr>
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<tbody>
<tr>
<td>Peterson and Smith (2001)</td>
<td>Thailand</td>
<td>confidence benefit&lt; social benefit&lt; Special Treatment benefit</td>
</tr>
<tr>
<td>Henig-Tura (2002)</td>
<td>United State of America</td>
<td>Special Treatment benefit&lt; social benefit &lt;confidence benefit</td>
</tr>
<tr>
<td>Fatima et al. (2013)</td>
<td>Bangladesh</td>
<td>Special Treatment benefit&lt;confidence benefit&lt;social benefit</td>
</tr>
<tr>
<td>Present Study</td>
<td>Iran</td>
<td>Special Treatment benefit&lt;confidence benefit&lt;social benefit</td>
</tr>
</tbody>
</table>
Participation in production has increased the company's ability to obtain the information and customers’ knowledge and it enables customers to adapt to today's complex and dynamic environments (Voo and Vang, 2009). On the other hand, the compatibility is formed within one or more interactions between employee and customer and it will be effective the agreement on customer satisfaction. As stated in the second hypothesis, it can be concluded that the compatibility plays a mediator role in the transfer of customer participation effect in production on customer satisfaction. So Parsian Bank managers must raise the level of participation to increase compatibility. It should be noted that any scientific research has limitations and this study is not an exception. In the present study, all customers are studied in general.
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