

Studying Management Commitment to Service Quality and its Organizational Consequences in Iranian Railways Company

¹Dr. Mehdi BabaeiAhari, ²Dr. Javad Mehrabi, ³Mehdi Ramezani Far, ⁴Batool Samangoeei,

¹Department of Management, Takestan Branch, Islamic Azad University, Takestan, Iran.

²Department of Public Management, Qazvin Branch, Islamic Azad University, Qazvin, Iran.

³Department of Management, Boroojerd Branch, Islamic Azad University, Boroojerd, Iran.

⁴Ph.D student of human resources in Engineering Research Institute of Natural Hazards and Passive Defense- Shakhspazhouh.

Abstract: Nowadays, service organizations have taken over a major part of activities in the country. In institutions in which services play an important role, human resources offer services to clients and workers - determine success or failure of the organization. Thus offering high-quality services and creating customer satisfaction could be applied as a strategic approach for development and improvement of business performance. One of the important issues with regard to durability and efficiency of organizations is managers' and workers' commitment. This survey was performed to investigate management commitment to service quality and organizational outcome in Railway Company in Iran. It was conducted using correlation-field method. The statistical population contained all employees of the Railway Company equal to 380 persons that were selected through accessible random sampling method. Historical study and field study methods were used for data collection and questionnaire was the measurement tool. Validity of the questionnaire was confirmed using content validity, structural validity and face validity thus its reliability was measured through Cronbach's Alpha Formula (equal to 0.909). Acceptability of the theoretical model was also studied through Lisrel software for data analysis. Results show there is a relationship between management commitment to service quality and effective employee involvement. There is also a relationship between effective employee involvement and customers' perceptions about quality of service and relationship between effective employee involvement and employees' job satisfaction.

Key words: Service quality, employee involvement, customer satisfaction, managers' commitment.

INTRODUCTION

Customers' needs and demands were not much considered in the past because of several reasons like higher demand than supply and limited competition in various fields, so people had to receive their required goods or services with any quality (Anvari Rostami, 2006). On the contrary during the recent years, service and manufacturing companies have to offer more variable goods and services with higher quality, proportioned with customers' needs and taste due to increased supply and competition (Gorji *et al*, 2011). On the other hand, customers are more familiar with goods and services and don't accept any kind of goods or services given to the increased number of competitors. Customers look for a product which satisfies their needs and taste in the best manner and has a suitable price and quality. Specialists, managers and researchers have considered service quality during recent decades due to its considerable impact on business performance, lower expenses, customer satisfaction and profitability (Seth *et al*, 2005). Offering higher-quality services is the key element for durability and progress of service Organizations and industries (Alvani *et al*, 2012). Islamic Republic of Iran Railway Co., as one of the major corporations which has a basic role during the past and cargo transportation in previous years especially in more recent years is not excluded. Service industries have had numerous innovations recently one of which is paying too much attention to employees who offer services to customers (Malhotra, & Mukherjee, 2004).

Although it has been tried to offer more appropriate services qualitatively and quantitatively in the Railway Company in recent years but it seems there is still a long distance to perform the real status of offering desirable services to passengers. Given to the above issues the present survey intends to study the impacts of management commitment on service quality and its organizational consequences in the Railway Company.

Conceptual Definitions and Theoretical Principles:

Services:

It includes an imperceptible and intangible activity or benefit that one party offers to another and there is no ownership. Production of services might depend on a physical product or not (Kotler & Armstrong, 1999).

Corresponding Author: Dr. Javad Mehrabi, Department of Public Management, Qazvin Branch, Islamic Azad University, Qazvin, Iran.

E-mail: mehrabijavad@yahoo.com, Tel:+98-912-209-7984.

Customer Perceptions:

It is defined as a limit by which customers perceive their viewpoints with regard to employees, standard services and results of service performance. Gaining a common perception among employees is important, since relationship increases cooperation and coordination among them (Yoo & Park, 2007).

Service Quality:

Service quality is obtained generally through subjective evaluation of customers from performance of services. Therefore, the customer judges about service quality. According to Edvardsson, perceptions of service quality are created after services are manufactured, offered and consumed, as customers play a role in manufacturing and offering the services (Edvardsson *et al*, 2005).

Job Satisfaction:

It is the result of employees' perception which provides the content and field of what is important for employees. Job satisfaction is a positive or favorable emotive state that is the output of job assessment or the individual's experience. Such positive emotive state helps physical and mental health of people to a large extent. High level of job satisfaction in organizational viewpoint reflects a highly desirable organizational climate which is led to attracting and maintaining of employees (Moghimi, 2012).

Effective Employee Involvement:

Employee involvement has been defined as a limit that employees have a sense of control over their work (Cheung, 2010).

Management Commitment In Service Quality:

It is defined as informed choice of quality in the form of operations and operational strategy for the organization to be involved in activities like observable quality leadership and resources to accept and implement quality plans (Cheung, 2010). Quality is a repetitive and constant issue for scholars and experts. Different service organizations like: Hotels, monetary banking and non-banking institutions, insurance, tourism, hygiene, education, and local public centers try to enhance service quality, satisfy customers and thus increase profits (Yoo & Park, 2007). Nowadays, researchers pay much attention to the importance of perceived service quality and have represented models and frameworks in this regard each of which is related to one part of this mechanism.

There might be some variables among management commitment and organizational consequences. Indeed management commitment relates to improvement of service performance through employees' effective commitment and job satisfaction increases service quality. Job satisfaction plays an effective role about manner of human resources' activities such as employee involvement and there is a relationship among management commitment to high-quality services and customer perception as well as employees' job satisfaction (Cheung, 2010). Newman (2001) has shown that there is a close relationship among senior management commitment, employees' job satisfaction and service quality.

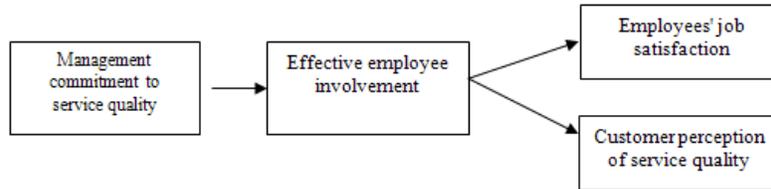
Ashill *et al* (2006) show there is a relationship between management commitment and customer perception from service quality. Wreder *et al* (2008) prove that management commitment to service quality has a positive relationship with employee involvement and job satisfaction. Employees' satisfaction is led to their self-efficiency and involvement and has a positive relationship with predicting customer perception from service quality (Hartline *et al*, 1996). Various texts about service organizations show employees, customers, quality of received services and financial performance are among important determinants that are resulted in successful performance of service organizations. Several experimental studies confirm the relationship between service quality and satisfaction. The causal relationship between service quality and customer satisfaction was tested in Cronin and Taylor's study (1992). They reported that the received service quality is resulted in customer satisfaction (Bamdad & Rafie Mehrabadi, 2009).

Harter *et al* (2003) studied the relationship among work passion, employees' satisfaction, customer satisfaction, output, profit, employees' turnover and safety at the business unit level. They selected a sample consisted of 7939 business units including 36 independent companies from five different industries. Their results demonstrate there are significant relationships among work passion and five levels of organizational consequences (profitability, customer satisfaction, employee safety, employee turnover and profit) (Harter *et al*, 2003).

Salanova *et al* (2005) studied balanced role of service conditions among the outputs and consequences (organizational resources and work passion), employees' performance and customer's loyalty. They selected a sample consisted of 342 employees/114 work units, 58 hotels (reception sector) and 56 restaurants. Structural equations modeling was used for data analysis. Results reveal that organizational resources, interaction and predicting status of services modify prediction of employees' performance and customer loyalty.

Analytical Model and Research Hypotheses:

The survey's model is adopted from Jyung Vetu's study (2010) in which a model has been represented that included four variables, relations and impacts of these variables have been analyzed in the form of five primary hypotheses. It is intended to study, discover and understand the existing relations in this framework. Management commitment to service quality is the independent variable, effective employee involvement is the intervening variable and customer perception of service quality as well as job satisfaction are dependent variables in the present survey.



Conceptual Model of the Survey (Cheung, 2010).

Research Hypotheses:

- 1- There are relationships among management commitment to service quality and effective employee involvement.
- 2- There is a relationship between effective employee involvement and customer perception of service quality.
- 3- There is a relationship between effective employee involvement and employees' job satisfaction.
- 4- Effective employee involvement has an intermediary role between management commitment to service quality and customer perception of service quality.
- 5- Effective employee involvement has an intermediary role between management commitment to service quality and employees' job satisfaction.

Methodology:

A methodology is selected to help the researcher to adopt a method through which he could achieve responses of research questions more precisely (Moghimi, 2012).

This survey studies management commitment to service quality and its organizational consequences in Iranian Railways Company. Therefore it is an applied survey in terms of purpose and is descriptive-correlation in terms of methodology, since the researcher intends to describe the issue in a precise and actual manner.

Statistical Population and Sample Volume:

The statistical population in this survey included all employees in Railway Company. The following formula was used to determine sample volume:

$$\frac{1/96^2 \cdot 0/5 \cdot 0/5}{0/05^2} = 384 \quad n = \frac{Z^2 PQ}{d^2}$$

Z is equal to 1.96 at a confidence level of 95% and d is boundary error (the maximum error that is ignored) which is estimated equal to 0.05. Thus the statistical sample consisted of 384 employees who were selected randomly through accessible sampling method among the employees of Railway Company. Four-hundred questionnaires were distributed and three-hundred eighty questionnaires were returned according to which the researcher analyzed data. Chang and Teo, (2010) and Cronin and Taylor's papers were used to design the questionnaire and Likert scale was used to measure it. Questionnaires of many researchers and thinkers were used in this survey and validity of the questionnaire was confirmed in their studies. Moreover, content validity and face validity were applied to obtain validity of the questionnaire. Lisrel software was used to conduct the above calculations.

Factorial loads in the analysis which have t-statistic more than 1.96 are significant by considering confidence level 0.95 and the related items remain in the model. Also factorial loads should be more than 0.5 and coefficients of determination or ratio of explained variance should be higher than 0.3 through the latent variable (R²) (Casali *et al* 2008). Amounts of t-statistic and coefficients of determination are determined after calculating factorial loads and all items of the questionnaire have significant factorial loads, thus it is not necessary to omit any item.

On the other side, the model has suitable goodness and data is adequate, i.e. if goodness indexes show model goodness, data is sufficient to analyze and conclude the existing relations in the model. The below table shows model goodness that is relatively suitable.

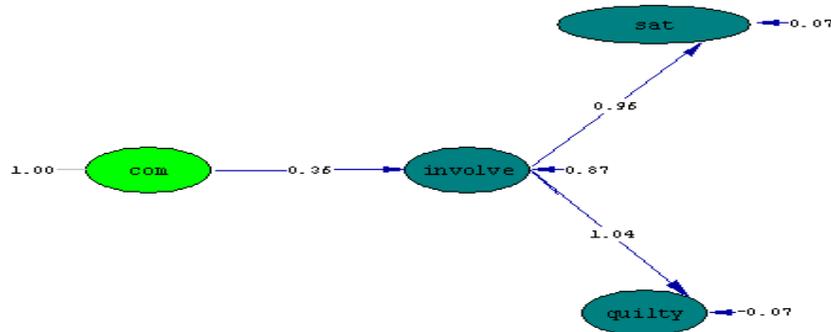
Table 1: Goodness Indexes.

Root Mean Square Error of Approximation	0.069
Normed Fit Index	0.86
Non-Normed Fit Index	0.90
Comparative Fit Index	0.90
Goodness of fit index	0.79
Adjusted Goodness of fit index	0.77
d.f=1942.52	P<0.05

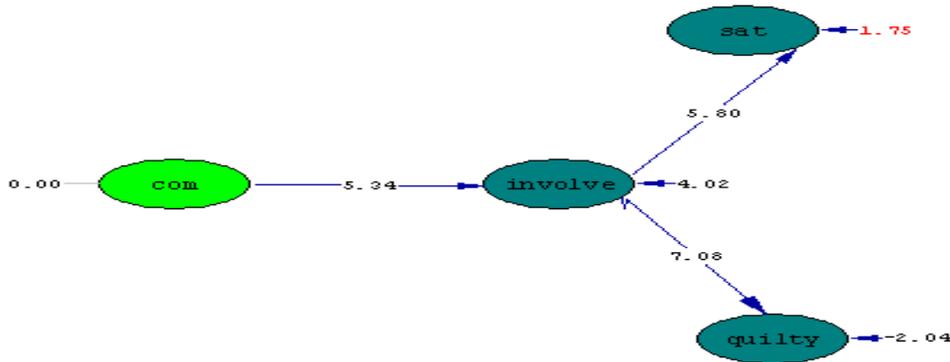
Cronbach Alpha coefficient was calculated for 40 questions that was equal to 0.909 and illustrated high reliability of the questionnaire.

Data Analysis Method:

After conducting confirmatory factorial analysis and confirming significance of coefficients among hidden variables (factorial loads) and measured variables (items in the questionnaire) as well as the model goodness hypotheses are tested. Significance of path coefficients among hidden variables is evaluated using T-test. Positive path coefficients which have t-statistic larger than 1.96 are significant and the hypothesis related to them is confirmed, as confidence level 0.95 or error level 0.05 is considered in this survey. Size of model parameters is obtained using Lisrel software after depicting the model based on data. Therefore, hypotheses are tested using beta coefficients (β) and T-test.



Standard Co efficient of Path structural model of coefficients.



The Structural Model and Measuring T Coefficients

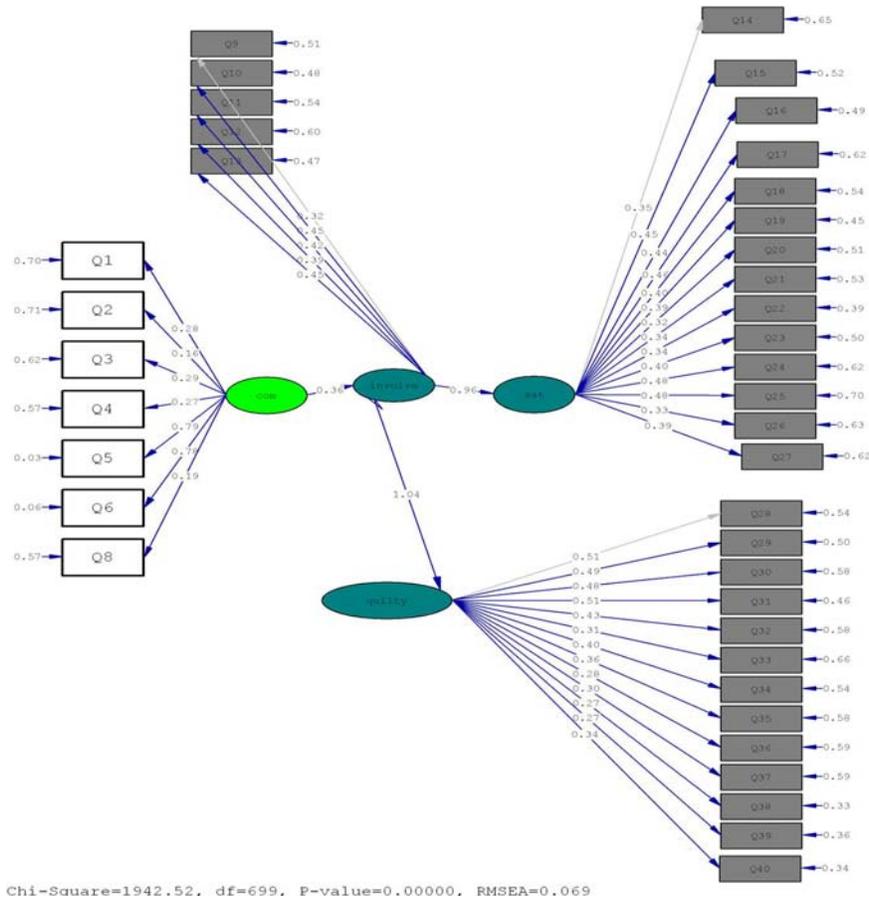
Studying Hypothesis 1:

H0: There is no relationship between management commitment to service quality and effective employee involvement.

H1: There is a relationship between management commitment to service quality and effective employee involvement.

Results of standard coefficients and the T-Statistics.

	Path	Coefficients	T-statistic
Management Commitment →	Effective Employee Involvement	0.36	5.34



Basic Model with Path Coefficients of Variables and Questions Related to Each Variable.

According to results in the above table based on structural equations, impact degree of the independent variable on the dependent variable is equal to $\gamma_{12}=0.36$. This relationship is supported by data, because T-statistics (0.34) is larger than 1.96 and the path which relates these two variables is positive and significant (error 5% is significant at this level). Therefore, existence of a significant relationship between management commitment to service quality and effective employee involvement is supported by data and hypothesis 1 is confirmed.

Studying Hypothesis 2:

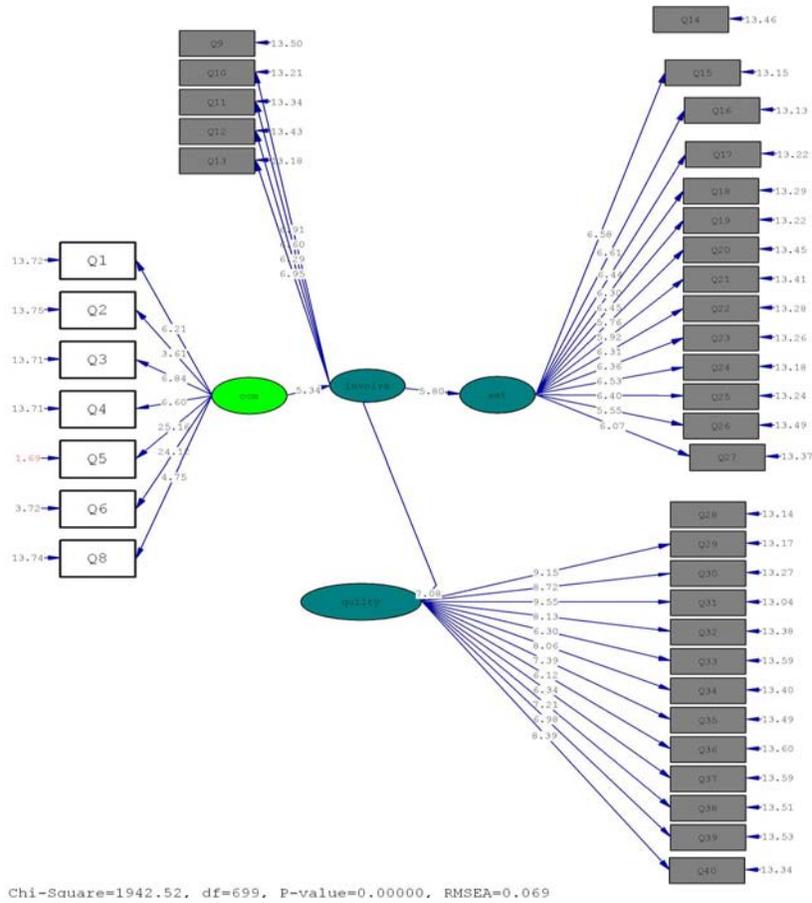
H0: There is no relationship between effective employee involvement and customer perception of service quality.

H1: There is a relationship between effective employee involvement and customer perception of service quality.

Results of standard coefficients and T-statistics.

→	Path	Coefficients	T-statistic
Effective Employee Involvement	Customer Perception of service quality	1.04	7.08

According to structural equations impact degree of the independent variable on the dependent variable is equal to $\gamma_{12}=1.04$. This relationship is supported by data, because T-statistics (7.08) is larger than 1.96 and the path which relates these two variables is positive and significant (error 5% is significant at this level). Therefore, existence of a significant relationship between effective employee involvement and customer perception of service quality is supported by data and hypothesis 2 is confirmed.



Basic Model with T-Amounts among Variables and Questions Related to Each Variable.

Studying Hypothesis 3:

- H0: There is no relationship between effective employee involvement and employees' job satisfaction.
- H1: There is a relationship between effective employee involvement and employees' job satisfaction.

Results of standard coefficients and t-statistic.

Path	Coefficients	T-statistic
Effective employee Involvement → Employees' job Satisfaction	0.96	5.80

According to structural equations impact degree of the independent variable on the dependent variable is equal to $\gamma_{12}=0.96$. This relationship is supported by data, because T-statistics (0.80) is larger than 1.96 and the path which relates these two variables is positive and significant (error 5% is significant at this level). Therefore, existence of a significant relationship between effective employee involvement and job satisfaction is supported by data and hypothesis 3 is confirmed.

Studying Hypothesis 4:

H1: Effective employee involvement has an intermediary role between management commitment to service quality and customer perception of service quality.

Previous hypotheses are used to analyze this hypothesis. Direct impact of management commitment on effective employee involvement is equal to 0.36 and direct impact of effective employee involvement on customer perception of service quality is equal to 1.04. Thus, multiplication of the above two relations is used for more confirmation of the intermediary role of effective employee involvement ($0.374= 1.04 \times 0.36$). The obtained amount is acceptable and the hypothesis regarding effective employee involvement between management commitment to service quality and customer perception of service quality has an intermediary role is confirmed. If $0.626-1-0.374$, it could be stated that direct impact of management commitment on customer perception of service quality is higher.

Studying Hypothesis 5:

H1: Effective employee involvement has an intermediary role between management commitment to service quality and employees' job satisfaction.

Previous hypotheses are used to analyze this hypothesis. Direct impact of management commitment on effective employee involvement is equal to 0.36 and direct impact of effective employee involvement on job satisfaction is equal to 0.96. Thus, this hypothesis is confirmed and multiplication of the above two relations is used for more confirmation of the intermediary role of effective employee involvement in service quality and job satisfaction ($0.345=0.96 \times 0.36$). The obtained amount is acceptable and the hypothesis regarding effective employee involvement has an intermediary role between management commitment to service quality and job satisfaction is confirmed. If $0.655=1-0.345$, it could be stated that direct impact of management commitment on job satisfaction is higher than the intermediary role of effective employee involvement.

Results:

Obtained results of the structural model, β coefficients and T-test of this analysis represented the following results for research hypotheses.

Given to structural equations amount of path coefficient between management commitment to service quality and effective employee involvement is equal to 0.36. Thus the relationship between these two variables is significant at significance level 0.05 according to T-test ($1.96 < 5.34$). As a result, it is concluded with 95% confidence that there is a relationship between management commitment and effective employee involvement besides this relationship is direct because path coefficient is positive, i.e. whatever management commitment is decreased or increased, effective employee involvement is decreased or increased.

Management commitment in service sector could be an important and effective factor on quality of perceived services. Nature of services is in a way that it provides an opportunity for many service organizations like the Railway Organization to make a personal and compatible relation with all passengers. Service companies could supply their services in compliance with the required situations of customers through their familiarity with characteristics and expectations of each customer, collecting such information and using it in facing with customers. This is only possible through effective participation of employees and managers of this organization, because conscience work and organizational values of employees are developed by increased participation and commitment. This would be possible in making closer relations with customers and is resulted in attracting and retaining passengers, so productivity and efficiency of the organization is increased.

Given that the applied models and methods in this survey are general, they could be used to evaluate service quality in other service organizations as well as other service industries in the best manner. As final purpose of evaluating service quality is qualitative enhancement of services it is necessary to represent a complete explanation of qualitative weaknesses and strengths of services to design a plan in order to improve and modify quality and implement it successfully with optimal efficiency and effectiveness.

REFERENCES

- Alvani, M., M. Moghimi, R. Hafizi and A. Hamidizade, 2012. "Measuring and Comparing Service Quality in Melli Bank Branches in Isfahan Province using Systemic-Transactional Scale of Banking Service Quality (SYSTRA-SQ)", *Journal of Organizational Culture Management*, 7: 20.
- Anvari Rostami, A., M. Torabi Gudarzi and M. Ali Mohammadlu, 2006. "Comparative Studying of Banking Service Quality in Viewpoint of Customers and Employees", *Journal of Human Sciences Modares*.
- Ashill, N.J., J. Carruthers and J. Krisjanous, 2006. "The Effect of management Commitment to Service Quality on Frontline Employees' Affective and performance outcomes: An Empirical Investigation of the New Zealand Public Healthcare Sector", *International Journal of Nonprofit and Voluntary Sector Marketing*, 11(4): 271-87.
- Bamdad, N. and N. Rafiei Mehrabadi, 2009. "Studying Customer Satisfaction from Service Quality banks' Atomated Teller Machine (ATM)", *Journal of Human and Social Sciences of Management*, 8th year, 4.
- Cabrera, A., W. C. Collins and J.F. Salgado, 2006. Determinants of individual engagement in Knowledge Sharing. *International Journal of Human Resource Management*, 17(2): 245-264.
- Casali, A.O., E. Detmann, S.C. Valadares Filho, *et al.* 2008. Influência do tempo de incubação e do Tamanho de Partículas Sobre os Teores de Compostos indigestíveis em Alimentos e Fezes Bovinas Obtidos Por Procedimentos *in Situ*. *Revista Brasileira de Zootecnia*, 37(2): 335-342.
- Cheung, Millissa, F.Y., To, W.M., 2010. Management Commitment to Service Quality and Organizational Outcomes, *Managing Service Quality*, 20(3): 259-272.
- Deshpande, R., J.U. Farley, F.E. Webster, 1993. Corporate Culture, Customer Orientation, and Innovativeness. *J. Marketing*, 57(1): 23-34.
- Dienhart, J.R., M.B. Gregoire, R.G. Downey, P.K. Knight, 1992. Service Orientation of Restaurantemployees. *International Journal of Hospitality Management*, 11(4): 331-346.

- Douglas, T. and L. Fredendall, 2004. "Evaluating the Deming Management Model of Total Quality in Services", *Decision Sciences*, 35(3): 393-422.
- Edvardsson, B., A. Gustafsson and I. Roos, 2005. "Service Portraits in Service Research –a Critical Review", *International Journal of Service Industry Management*, (forthcoming).
- Gorji, M.B., S. Siami and F. Nouraei, 2011. "Comparative studying of service Quality Status in the Islamic Azad University", *Journal of Modern Industrial/Organizational Psychology*, First Year, 4.
- Harter, J.K., F.L. Schmidt, C.L.M. Keyes, 2003. Well-being in the workplace and its Relationship to Business Outcomes: A Review of the Gallup Studies. In: Keyes,
- Hartline, M.D. and O.C. Ferrell, 1996. "The Management of Customer Contact Service Employees: An Empirical Investigation", *Journal of Marketing*, 60(4): 52-70.
- Hays, J. and A. Hill, 2001. "A Preliminary Investigation of the Relationships between Employee Motivation/vision, Service learning, and perceived service Quality", *Journal of Operations Management*, 19(3): 335-49.
- Jani Dev and Han Heesup, 2011. Investigating the Key Factors Affecting Behavioral Intentions: Evidence from a Full- Service Restaurant Setting, Emerald Group .
- Kim Woo Gona, Jerrold K. Leonga, Yong-Ki Leeb 2005. Effect of service Orientation on Jobsatisfaction, Organizational Commitment, and Intention Ofleaving in a Casual Dining Chain Restaurant *Hospitality Management*, 24: 171-193.
- Kotler, Philips and Gari, Armstrang, 1999. "Principles of Marketing", Translated by Foruzande, B, Amuze Publications, Isfahan.
- Malhotra, N., A. Mukherjee, 2004. 36« The Relative Influence of Organizational Commitment and Job Satisfaction on Service Quality of Customer- Contact Employees in Banking Call Centres» *Journal of Service Marketing*, 18(3): 162- 174.
- Meyer, S. and D. Collier, 2001. "An Empirical Test of the Causal Relationships in the Baldrige Health Care Pilot Criteria", *Journal of Operations Management*, 19(4): 403-25.
- Moghimi, M., 2012. "Organization and Management Research approach ", Tehran: Termeh Publications
- Newman, K. (2001), "Interrogating SERVQUAL: A Critical Assessment of Service Quality Measurement in a High Street Retail Bank", *International Journal of Bank Marketing*, 19(3): 126-39.
- Parasuraman, A., V.A. Zeithaml and L.L. Berry, 1988. "SERVQUAL: A Multiple Item Scale for Measuring Consumer Perception of Service Quality", *Journal of Retailing*, 64(1): 12-37.