

Determining Mediating Effect of Customer Satisfaction in the Relationship between Service Quality and Customer Training Intention

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Abstract: This study investigates the mediating influence of customer satisfaction in the relationship between service quality and customer training intention. The setting of the study was a training organization in Nigeria. It is a non-trading organisation, which was a departure from prior studies on service quality which focused mostly on trading organisations. A survey method was employed with 300 sample of past trainees to collect data which were analysed using Structural Equation Modelling (SEM) technique. The results indicate that customer satisfaction mediates partially the relationship between service quality and customer training intention. Secondly, service quality is a predictor for customer satisfaction and customer training intention. Conclusively, the study bridges a research gap by using a previously overlooked non-trading setting in study of service quality, and its implications for training managers and practitioners.

Key Words: Service Quality; Mediating; Customer Satisfaction; training

1. Introduction

Service is important to customers as well as for growth of an organisation. Thus, it is not a luxury, but essential to provide it. This is depicted by research results of Forum Corporation (2015), on basis of responses from more than 5,700 customers, employees and managers as follows. That, a satisfied customer has ten years' average life span with an organisation. Customers do feel to be respected and cared for. The research also reported that customers were five times more likely to switch to another provider on the basis of service delivery than the quality of the service and its price. Furthermore, that service quality characteristics were inversely related to the service quality attributes rendered by organisations. This study seeks to bridge the gap in service quality literature by examining mediating effect of customer satisfaction in the relationship between service quality and customer training intention.

II. Literature Review

A service by concept is an act performed for customers, of which is an important part of an organization value proposition (Buttle, 2006). Winer (2001) sees service as any "contact or touch point" that a customer has with an organization (customer service). This implies that the more of such contacts, the more it will facilitate customer service alternatives or choices. There are many factors which might affect training service. They include among others, such as location of an organization (Guru, 2003), technology (Daniel & Berinyuy, 2010), price of training service (Azad & Darabi, 2013), competitive advantage (Ladhari, 2009; Negi, 2009), infrastructure (Ayeni & Adelabu, 2012), human

capital (Olimpia, 2012), government policies (Alfaraih, Alanezi & Almujaed, 2012), and service quality (Al-Manasra, Khattab, Qutaishat & Zaid, 2012).

Service quality has attracted attention by educationists and organizations (Aliman & Mohammad, 2013). The interest in service quality has been as results of competition, customer loyalty, repurchasing, customer satisfaction and other factors that exist where organizations operate (Daniel & Berinyuy, 2010). This view is consistent with that of Devnarrian (2011); which said that service quality promotes customer satisfaction and encourages customers' intention to return to service. However, there has been mixed feelings about the previous studies on service quality as they were lacking in theoretical and operational perspectives (Jiradilok, Malisuwan & Sivaraks, 2014).

Therefore, this research was limited to examination of mediating effect of customer satisfaction in relationship between service quality and customer training intention. Furthermore, due to internal constraints on the study duration, and logistic, 10 years (2005 to 2014) during were considered for this study.

There was rationale that made the research "important and worthwhile" (Noor & Page, 2009) to be conducted. The results of this research would add values and benefit service providers, researchers, policy makers, training managers and humanity in sphere of service quality. From the literature on service quality model, prior studies have been conducted in service organisations like the library, restaurants, banking, health service and telecommunication, but to the knowledge of this

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researcher, few or none study service quality and mediating effect of customer satisfaction on customer training intention. Therefore, the findings of this research would lead to improvement in redesigning of programmes and other facilities in training institutions.

Some of the Management Development Institutes in Africa were established few years after their independence. After the independence, the countries realized the strong need to address the prevailing “*Managerial capacity gap*” that characterized their public services as a result of the exit of expatriate public servants. In order to bridge the gap, the Federal Government of Nigeria for example, commissioned the Institute of Administration in the University of Ife, as it was called in 1967 to conduct identification of training needs for Nigerian public service and make recommendation on how to implement the training programmes identified. The Federal Government after the study of the recommendations decided to established a training institution.

In the context of this study, the respondents were past trainees from a training institution in Nigeria. Table 1.1 below depicts the number of customers trained by the institution for the past 10 years (2005 to 2014). A reflection on the statistics of trained participants in Table 1.1 indicates that 18,475 people were trained in 2005 to a declining situation that led to only 4,200 customers being trained in 2014. Thus, there was a reduction of 14,275 customers from the base year (2005) number of trainees (18,475 less 4,200). A cursory look at the training pattern for past ten years (2005 – 2014), showed a declining trend in the Table 1.1. This was worrisome as an organization set up to bridge the “*managerial capacity gap*” in a country.

Table 1.1 Number of participants trained in 2005 to 2014

Year	Number of participants trained
2005	18,475
2006	17,720
2007	18,515
2008	12,654
2009	14,905
2010	11,842
2011	6,685
2012	5,523
2013	4,219
2014	4,200
Total	114,738

Source: Training Institution, Nigeria (2014)

Thus, as seen from the training statistics in Table 1.1, the number of people being trained was dwindling. That could be accounted by competition from other training institutions who were attracting trainees or customers that were previously going to the training institution. Therefore, the purpose and need for this empirical study, isto examining the mediating effect of

customer satisfaction in relationship between service quality and customer training intention.

III. Research Methodology

This study uses a quantitative and descriptive research design which employs the technique of a survey method to confirm stated hypotheses or find answers to the research questions. Structural Equation Modeling (SEM) technique was used to develop the conceptual theoretical framework to direct the study. The Structural Equation Modeling is a multivariate statistical analysis technique for testing and estimating causal inter-relationships from a group of statistical data (Pearl, 2000).

A. Pilot Test

A pilot study was conducted to determine whether the hypothesized models in the study could fit the data (i.e. variables in the questionnaire). The results in **Table 2** Show that RMSEA value of 0.11 and CFI of 0.83 was obtained for the hypothesized training service quality dimension model. Based on results of these two model fit indices (RMSEA and CFI), it could be seen that the fit obtained was poor (i.e. the data did not fit the model properly). The recommended threshold for RMSEA is $\leq .08$ while CFI is $\geq .9$. One major reason that could be adduced for this is because of the sample size. The pilot study was conducted on 100 respondents which is below 200 the threshold recommended (Byrne, 2010). Aside checking whether the data could fit the hypothesized models in the study, the pilot study has confirmed that the items loaded correctly on the constructs (i.e. factor loadings $>.05$) which is an important criterion for SEM

Table 2: Selected Goodness-of-fit SstatisticsOutput for Hypothesized Service Quality Model

RMSEA					
Model	<u>RMSEA</u>	LO 90	HI 90	PCLOSE	
Default model	<u>.115</u>	.104	.126	.000	
Independence model	.264	.255	.273	.000	
Baseline Comparisons					
Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	<u>CFI</u>
Default model	.741	.706	.835	.809	<u>.832</u>
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000
RMR, GFI					
Model	RMR	GFI	AGFI	PGFI	
Default model	.086	.676	.603	.552	
Saturated model	.000	1.000			
Independence model	.497	.147	.082	.137	

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IV. Analysis of the Hypothesis (H)

H: Customer satisfaction mediates the relationship between training service quality and customer training intention in training organisation. The aim here is to assess the mediating role of customer satisfaction in linking service quality and training intention. The hypothesis testing involves determining whether customer satisfaction has full mediation, partial mediation or no mediation at all.

In a bid to identify the type of mediation that exists between customer satisfaction, service quality and training intention, the regression questions represented by the diagram in **Figure 4.1** are presented:

Figure 4.1 are presented:

$$Y = U_0 + U_1K + e$$

is the path from K to Y

$$W = U_0 + U_3K + e$$

is the path from K to W

$$Y = U_0 + U_2W + e$$

is the path from W to Y

Y = Training intention

K = Service quality

W = customer satisfaction

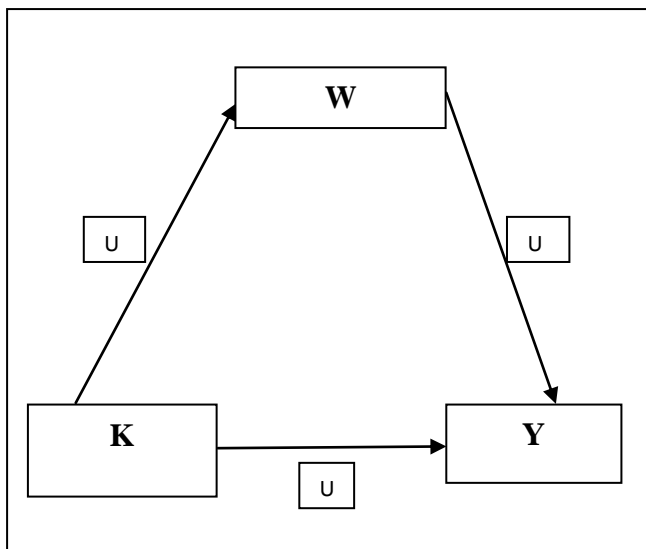


Figure 4.1: Procedure for Testing Mediation for the Structural Model

The path analysis to examine the effect of W (customer satisfaction) in mediating the relationship between K (service quality) and Y (training intention) could result in one of the three possibilities:

- I. W plays a complete mediation role in the relationship between K and Y
- II. W plays a partial mediation role in the relationship between K and Y
- III. W plays no mediation role in the relationship between K and Y

Complete mediation role of W occurs if: (1) the regression coefficient of U1 is not significant, (2) regression coefficient of U2 is significant and (3) regression coefficient of U3 is significant.

Partial mediation role of W occurs if: (1) the regression coefficient of U1 is still significant, (2) regression coefficient of

U2 is significant (3) regression coefficient of U3 is significant and (4) the absolute value of U2*U3 is higher than absolute value of U1.

No mediation role of W occurs if: (1) the regression coefficient of U1 is not significant, (2) regression coefficient of U2 is not significant and (3) regression coefficient of U3 is not significant.

V. Result

Leaning upon the above caveat, the mediating role of customer satisfaction in this study was examined. The results from the full structural model in **Figure 5.1** show that the regression coefficient of Service quality (K) to Y (training intention) in the equation above is significant ($\beta=0.36$, $p<0.05$), regression coefficient of K to W (customer satisfaction) is significant ($\beta=0.70$, $p<0.05$), regression coefficient of W to Y is significant ($\beta=0.59$, $p<0.05$) and lastly, the absolute value of U2* U3 (ie regression coefficient of K to W and W to Y) is higher than absolute value of U1 (ie regression coefficient of K to Y). Put differently, $70*59 > 36$. Against this backdrop, customer satisfaction in this study plays a partial mediation role between service quality and training intention. What this means in essence is that customer satisfaction is a mediator between service quality and training intention.

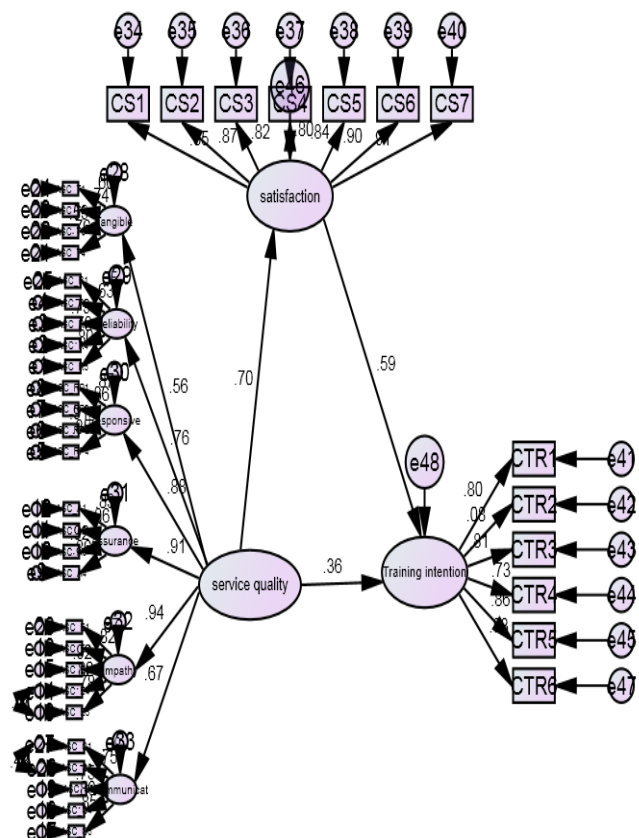


Figure 5.1 Output of the Structure Model

VI. Conclusion

Literature was repleted with studies that found mediating effects of customer satisfaction in relationship with service quality and purchasing intention (Mpingajira, 2011). In a study of health

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care service, he reported that customer total satisfaction was a good mediating factor in the relationship between service quality and customer purchasing intention. Other studies equally opined that both customer satisfaction and service quality influenced customer buying intentions (Parasuraman et al., 1988; Byrne, 2010). Thus, finding from this study was consistent with past studies that had been conducted in other parts of the world.

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