



Effective Internal Strategic factors on Customer Satisfaction from the Perspective of Organization's Managers in Tabriz travel agencies

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Abstract

The aim of this study is to investigate on relationships between internal strategic and service companies customer satisfaction from the manager's viewpoint. The data for this study have been achieved through questionnaires which filled out by managers of service organizations (travel agencies) and its customers and for data analysis, Regression and Pearson's correlation coefficient and SPSS software was used. The results from hypothesis tests indicate that among six hypotheses of the study, five hypotheses directly and significantly and one reverse and significant hypothesis was confirmed. In other words effective internal strategic factors on customer satisfaction include: Information technology, marketing, research and development, customer service, human resources and accounting.

Keywords: Information technology, marketing, research and development, accounting, customer service and human resources.

Introduction

Achieving competitive advantage and maintenance of it has become one of the most important organization challenges nowadays. Due to the growing trend of globalization and trade liberalization, competition among organizations is more as well; therefore, identification and understanding of the impact of affecting factors on organization customer satisfaction has been more important for its managers and shareholders. Hospitality organization managers also encounter with such a challenge. So, managers get to this conclusion that the survival and profitability depends on understanding and appropriate relationship with the around environment. They are looking for a way for the company's internal and external factors and use current opportunity in order to achieve competitive advantage against their competitors.

Affective external factors in the company are: population demographic forces, economic, natural, technological, political, legal, social, cultural, and competitive forces. More than often, organizations do not have control over these factors or have a very limited ability to control and often the only way is to determine and give appropriate response to these factors. However, external environmental forces influence the success of the organization, but sustainable competitive advantage result by focusing on internal strategic factors. So, managers identify and focus on internal strategic factors which can achieve a competitive advantage¹. Today service area has conquered and dominates the bulk of the sector markets in many countries. For example, Cutler² has stated that the service sector comprises has taken 79% of all available jobs and 76 percent of GDP (gross domestic product) in the USA. According to the

Organization for Economic Cooperation and Development (OECD) more than 70% of men are employed in the service sector³. Services are not a small part of the economy anymore, but also it is as the heart of value creation in the economy. Contrary to false myths about the importance of the service sector in the economy, nowadays a direct consequence of the economic services sector received considerable attention⁴. Complex nature of the services that have common features (intangibility, perishability, high customer involvement and intervention, Simultaneous Production and consumption, and variability) will result within the increasing growth of service sector and thus organization need to search for ways to improve their financial performance and attract customers in today's highly competitive³. With empowering the service sector more and more, many challenges in the way out standing for organizations. One of the most important challenges the service company has, is to identify, understand, and how to achieve and maintain a competitive advantage⁵.

Service company managers have found that their survival and stability depended on its relationship with the environment. They are looking forward to search and adjust the internal and external factors in order to achieve competitive advantage against competitors. So, managers identify and focus on internal strategic factors such as cultural, social, legal, political and economic forces which can achieve a competitive advantage¹. According to the results of the study and mentioned matters, it seems that addressing internal strategic factors and evaluating the role and impacting of these factors on financial performance and organizational success have great importance. Because while organizations have a little control over external factors, and often can have reaction to these factors only but internal

strategic factors enable the company to achieve sustainable competitive advantage and thereby participate in path to success and good financial performance will help. Therefore, in this study, with a little change in the role we will focus on relationships between internal strategic factors with customer satisfaction. Around the world, organizations and businesses are attempting to achieve a privileged position compared to other competitors through unique advantages. On the other hand, most consumers have variety of choices when they are purchasing goods and services. So, they look for quality in addition to the appearance⁵.

Customers are searching for clues which they can help them to identify the best supplier. For this purpose, they look for any documentation and evidence that shows supplier give a lot of efforts to quality beside internal functions. Measuring customer satisfaction is an internal measure is organized for the quality⁶.

To succeed in today's complex and competitive market, researchers believe that customer satisfaction is a key factor⁷. Customer satisfaction is an important goal of any marketing department. In the marketing literature clearly emphasized that customer satisfaction has positively influences on financial outcomes⁸. Customer satisfaction has a considerable value because it is derived from the associated data (against production) and also it is concerned as a leading indicator for future profitability. Customer satisfaction helps us to more achieve customer loyalty. Customer loyalty through improved customer satisfaction guaranteed future income, reduce future transactions costs, reduce price elasticity, and prevent narrowing of the organization to lose their customers when possible lapses in quality⁹. During the last decade various organizations, whether large or small, realized the importance of customer satisfaction, found a strong relationship between customer satisfaction, customer care and profitability of the organization. For many organizations operating in the public sector, customer satisfaction is a measure of success. So, customer satisfaction is the goal of the operation in many organizations¹⁰. Developed companies are responsible for their customer needs and expectations. These organizations observe their competitors action and identify the competitive advantages. Mentioned companies effectively predict their customers' needs and expectations to satisfy them and be better than other companies. These organizations react very fast and effective to their weak points. They have a strong relationship with their customers and maintain it. If we divide organization to the three groups, we have at the beginning of excellence, intermediate excellence and mature and noble excellence organization, It can be told that organization in the beginning of excellence are evaluated their customer satisfaction, organization in the intermediate level have been successful in establishing long-term and short-term goals with their customers' needs and expectations and active mature business organizations for customer satisfaction have measured components related to customer loyalty and act according it⁵. Today's rapidly changing and increasingly competitive

environment has forced organizations to direct their view towards customer satisfaction, because with increasing customer satisfaction, behavioral outcomes such as commitment, intent to stay and customer loyalty, creating a mutually beneficial links between service providers and users, ability to accept failure and possible slips in services and a positive oral advertisement among customers will have the following, will increase³. The hypothesis that customer satisfaction is an important variable in evaluating and controlling marketing management organizations is supported by many¹¹.

Hospitality organizations are a source of customer satisfaction that has attracted the many researchers attention. Customer satisfaction is so important that many organizations mention it as an essential element of their marketing strategy. The term "aftermarketing" concept focuses on efforts to form a broad attempt to current customer in order to reach the peak of satisfaction, so to protect and preserve customers. Keeping the interest of the customer is the most interesting topic in many organizations¹².

Benefits of customer satisfaction: organizations that have a higher level of marketing are trying to keep their customers satisfied. Satisfied customers repeat their purchases and informed others about their good experience. The key factor is satisfying customer expectation. Because not only commitment is offering service or product, but also it is offering something more than their commitment². Customers which are kept satisfied with the organization services for a long period of time effect on corporate profitability in several ways: i. The repeated purchase resulted in revenue for the organization; ii. Costs related to commercial advertising, sales promotion, and early efforts to attract new customers are more than costs of maintaining the existing customers; and iii. Satisfied and loyal customers often spread the good news and recommend organization service to the others¹³.

Customers, who have enjoyed the good service in the past, apparently believe that such deviations and faults are natural and inevitable in any organization so they do not blame organization⁷. High customer satisfaction is a kind of insurance against possible errors in institutes, which are inevitable as a result of service-related changes occurrence. Permanent customers faced with such a situation more tolerant than others, because of previous pleasant experiences, it is easy to overlook the few errors or they do not choose competitors with any inadvertent mistake. Therefore, It is not surprising that satisfaction is most important job for organizations and institutions, because of this has a direct relationship with customer retention, market share and organization profit¹⁴. In this study, the factors that impact on customer satisfaction include:

Information Technology: Development process, maintenance and use of information technology (software and hardware). The information technology including computer hardware, software and communication system and even include persons and

resources which are allocated to support the capabilities and potentials¹⁵.

Human Resources: Researchers referred to the human resources role in helping organization to reach the financial goals. If employees feel that company pays attention to them, they also will try to provide better services to meet or even exceed customer expectations. In addition, the recruitment and employment of good personnel is essential, employees who are encouraged to work together, they are able to work beyond expectations, those who pass the footsteps of directors and tend to have a more effective form of work, create more revenue and they will bring greater satisfaction to customers¹. The HR department performs a number of activities in companies including recruitment, training and development, wages, motivation of employees and performance management¹⁶.

Marketing: Marketing gather and discover data relate to the needs and wants of target markets, and react against the strategies and behaviors of their competitors¹. Marketing is a management and social process by which individuals and groups through crop production and exchange with each other, supply their needs and demands¹⁷.

Customer Service: Crosby and et al mentioned that quality of service is a necessary condition (but not sufficient condition) for the quality of relationships, this means if we want to have relation with quality we should have service quality, however it is not true. In other words supply services with quality are the base of relationship¹⁸. The desire to provide services with quality play an important role in industries service such as insurance, banking and ..., because quality of service is vital to the survival and profitability¹⁸.

Research and development: is a considerable factor in order to become more competitive strategic, research and development and innovation. Research provides that innovation enables a company to provide valuable, rare, unique, different products and services. So, the power of a company's R & D and innovation will probably increase financial performance¹.

Accounting: As researchers have confirmed, accounting is one of the most important parts of any company's operations and have a key role in assessing, controlling and improving financial performance. In the development and implementation of new strategies, accounting plays an important role as a strategic control mechanism, specifically about ensuring that employee's behavior is consistent with the strategy.

Evaluation of Studies: i. Fine in his study "the role of marketing and performance marketing" mentioned marketing role as a strategic factor in the internal strategies and as a factor influencing performance and financial benefits of organization⁸. Moideen kutty et al conducted a study titled "design and implementation of human resource management and its relationship to the financial performance of the organization in

Oman" mentioned the role involves creating and sharing local human resources as a strategic resource and its relationship to the performance and success of the organization and it confirmed previous claims¹⁹. ii. Duncan and Elliott in their study investigate the relationships between efficiency, financial performance and quality of service; results show a positive correlation between service quality and financial performance of the organization²⁰. iii. Vickery and et al are named customer service as a competitive advantage; result show that relation between customer services with financial performance is in a way that organization with providing excellent service with high quality, will have more profitability and higher incomes²¹. iv. Chi and Gursoy are investigated on relations between employees, customer satisfaction and financial performance. The results show a direct relationship between satisfaction and customer satisfaction with the organization's financial performance. Also, a positive relationship between staff satisfaction and customer satisfaction was supported. However, these results support direct link between staff satisfaction and financial performance of the organization but this relationship has confirmed indirectly and by customers²². v. Gursoy and Swanger in a research titled "study on effects of internal strategic factors on the financial performance of service organizations from administrators perspective" investigated on internal strategic factors such as information technology, marketing and sales, research and development, and distribution systems, customer service, human resources and accounting and the effect of these factors on the financial success of the organization and realize the positive effects of these factors on the success and financial performance of the organization took¹. vi. Moideen kutty et al conducted a study titled "design and implementation of human resource management and its relationship to the financial performance of the organization in Oman" mentioned the role of involvement of organization human resource as a internal strategic resource and its relationship performance and success and results confirmed previous claims¹⁹. vii. Fine in his study "the role of marketing and performance marketing" mentioned marketing role as an internal strategic factor and as a factor affecting the performance of the company and financial interests⁸. Appiah-Adu and et al investigated the role of marketing in the financial performance and the financial services and in financial industry. These results indicate that organizational variables such as customer philosophy, operational efficiency and marketing information and marketing integration positively and significantly related to business performance.

Methodology

This research is descriptive and survey from data collection viewpoint and it is applied due to goal and nature²³. The data were collected by 1-library method 2-field research. Validity is questionnaire efficiency for measuring validity. Through this approach, the acceptability of theoretical models in certain populations can be examined. For measuring validity the experts and professors studied the questionnaire and it was concluded

this questionnaire is highly reliable. The reliability of the questionnaire indicates compatibility in measuring a concept and it is suitable for fitness measuring. Capability of a device in preserving reliability in uncontrollable conditions of test and respondents depicts its reliability and less conversion²⁴. This capability indicates device fitness since it leads to stable results. In this research Cronbach's alpha was used for calculation of reliability and some individuals were selected randomly before final implementation²⁵ and the data were analyzed by SPSS software and 0.871 was obtained.

For preparing the questionnaire standardized questionnaire was used. Resources used for the extraction of the questionnaire are shown in table 1.

Table-1
Sources used to extract the research questionnaire

Variables	Used Sources
Marketing	Trinor and et al (2011)
Information Technology	Ritter and walter (2004)
Research and Development	Gursoy and Swanger (2007)
Human Resources	Moideen kutty and et al (2010)
Customer service	Gursoy and Swanger (2007) Vickery and et al (2003)
Accounting	Gursoy and Swanger (2007)
Customer Satisfaction	Journal of Management

The statistical population involves all Tabriz travel agencies managers and employees that are 81 travel agencies all in Tabriz. Questionnaire was used for data collection.

Result and Discussion

First hypothesis: There is a significant relation between information technology and customer satisfaction.

H0: There is no relation between information technology and customer satisfaction.

H1: There is relation between information technology and customer satisfaction.

Table-2
Correlation between information technology and customer satisfaction

	Coefficient	Sample size	p
Pearson correlation coefficient	0.447	81	0.0001

According to table 2, p value about significance was equal to 0.0001 which is less than 0.05. So with 0.95 confidence the null hypothesis was based on the lack of correlation is significant. It is also according to significant and positive sign of the correlation coefficient we can say there is a direct relationship between two variables.

Second hypothesis: There is a significant relation between human resource and customer satisfaction.

H0: There is no relation between human resource and customer satisfaction.

H1: There is relation between human resource and customer satisfaction.

Table-3
Correlation between human resource and customer satisfaction

	Coefficient	Sample size	p
Pearson correlation coefficient	0.315	81	0.004

According to the table 3, p value of the significance level is equal to 0.004 which is smaller than 0.05. So with 0.95 confidence the null hypothesis was based on the lack of correlation is significant. It is also according to significant and positive sign of the correlation coefficient we can say there is a direct and significant relationship between two variables.

Third hypothesis: There is a significant relation between research and development and customer satisfaction.

H0: There is no relation between research and development and customer satisfaction.

H1: There is relation between research and development and customer satisfaction.

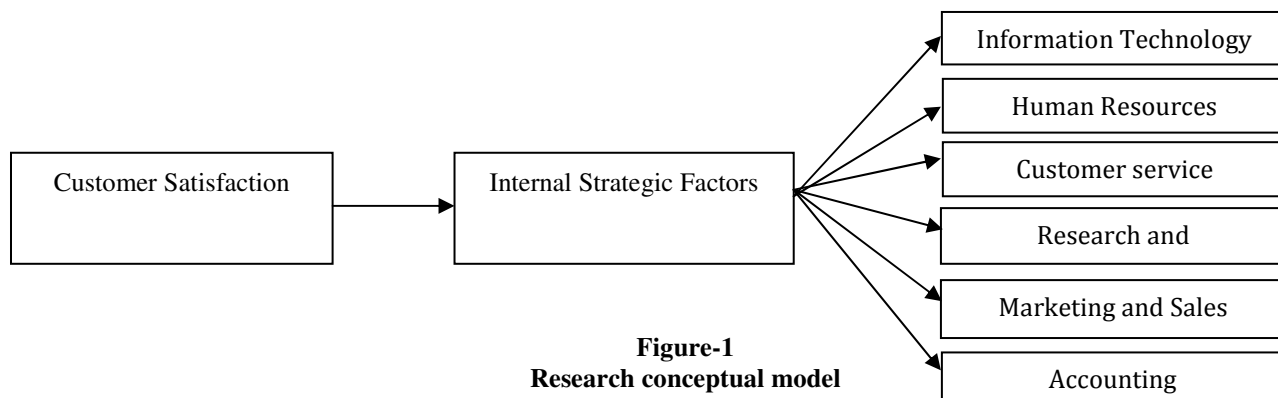


Figure-1
Research conceptual model

Table-4
Correlation between research and development and customer satisfaction

	Coefficient	Sample size	p
Pearson correlation coefficient	0.313	81	0.004

According to the table 4, p value of the significance level is equal to 0.004 which is smaller than 0.05. So with 0.95 confidence the null hypothesis was based on the lack of correlation is significant. It is also according to significant and positive sign of the correlation coefficient we can say there is a direct and significant relationship between two variables.

Forth hypothesis: There is a significant relation between marketing and customer satisfaction.

H0: There is no relation between marketing and customer satisfaction.

H1: There is relation between marketing and customer satisfaction.

Table-5

Correlation between marketing and customer satisfaction

	Coefficient	Sample size	p
Pearson correlation coefficient	0.460	81	0.0001

According to the table 5, p value of the significance level is equal to 0.0001 which is smaller than 0.05. So with 0.95 confidence the null hypothesis was based on the lack of correlation is significant. It is also according to significant and positive sign of the correlation coefficient we can say there is a direct and significant relationship between two variables.

Fifth hypothesis: There is a significant relation between customer service and customer satisfaction.

H0: There is no relation between customer service and customer satisfaction.

H1: There is relation between customer service and customer satisfaction.

Table-6

Correlation between customer service and customer satisfaction

	Coefficient	Sample size	p
Pearson correlation coefficient	0.293	81	0.008

According to the table 6, p value of the significance level is equal to 0.008 which is smaller than 0.05. So with 0.95 confidence the null hypothesis was based on the lack of correlation is significant. It is also according to significant and

positive sign of the correlation coefficient we can say there is a direct and significant relationship between two variables.

Sixth hypothesis: There is a significant relation between accounting and customer satisfaction.

H0: There is no relation between accounting and customer satisfaction.

H1: There is relation between accounting and customer satisfaction.

Table-7

Correlation between accounting and customer satisfaction

	Coefficient	Sample size	p
Pearson correlation coefficient	-0.258	81	0.020

According to the table 7, p value of the significance level is equal to 0.020 which is smaller than 0.05. So with 0.95 confidence the null hypothesis was based on the lack of correlation is significant. It is also according to significant and negative sign of the correlation coefficient we can say there is a reverse and significant relationship between two variables.

In order to anticipate changes in customer satisfaction, multivariate regression of the independent variables was used. Table 8 indicates the total general regression analysis of independent variables on customer satisfaction. Table 8 contains a regression analysis of variance to assess the certainty of a linear relationship between the dependent variable and independent variables. If p value will be less than 0.05, the regression equation is linear and if the p value will be more than 0.05, the regression equation is not linear. In the present study, because the probability is less than 0.05, the assuming of linear relationship between the dependent variable and independent variables is confirmed.

Table-8

Analysis of Variance

Model	Sum of squares	Degrees of freedom	Mean square	F	p
Regression	7.343	6	1.224	9.075	0.000
The remaining	9.979	74	0.135		
Total	17.322	80			

Table 8 contains coefficients of the independent and significant variables and test of each one whether each coefficient equals zero. According to the value of p in this table, it can be said that all of the variables are involved in the regression equation (except the constant value). In other words, if the independent variables (information technology, human resources, research and development, marketing, customer service, accounting) in order are equal with $(x_1, x_2, x_3, x_4, x_5, x_6)$ and variables related to customer satisfaction are shown with y, regression equation

according to table 8 is as follows. Standardized beta values indicate the importance of each predictor in the model, how much this value will be greater, it is more important.

$$\hat{y} = 1.488 + 0.280x_1 + 0.131x_2 + 0.081x_3 + 0.412x_4 - 0.163x_5 - 0.189x_6$$

Table-9
Variable coefficients

Model	No standardized coefficients	t	The significance level
constant value	1.488	2.455	0.016
Information Technology	0.280	3.307	0.001
Human Resources	0.131	1.402	0.165
Research and Development	0.081	1.034	0.305
Marketing	0.412	3.696	0.000
Customer service	-0.163	-1.232	0.222
Accounting	-0.189	-2.734	0.008

Because there is a relationship between customer satisfaction and most variables, so the regression line can be fitted to them. The regression analysis found that the following relationship is established.

$$\text{Customer Satisfaction} = \hat{y} = 1.488 + 0.280x_1 + 0.412x_4 - 0.189x_6$$

The above table shows that the marketing coefficients, accounting and information technology are in the significant level but the coefficients of R and D, human resources, customer service are not significant.

According to table 10, we can say that 0.424 percent of the variability is explained by the independent variables.

Table-10
Coefficient

The correlation coefficient	Coefficient of determination	Modified coefficient of determination
0.651	0.424	0.377

Conclusion

Results from the first hypothesis of this study indicate that information technology and its application in organizational communication and the appropriate application of information technology for giving better services and products to customers has a positive and significant correlation with customer

satisfaction. Therefore, it is suggested that because of competitive environment of travel agency business and to achieve competitive advantage, using and application of information technology for supplying better services to their customers will have more attention and emphasis. Also, they do not neglect proper investment and spending sufficient funds for the maintenance and development of information technology. The result of the second hypothesis is related to human resources on customer satisfaction. The results of this study suggest that travel agencies in connection with the recruitment and selection of their staff and with consideration to the service organization, including internal marketing is important priorities, the proper process for the selection and recruitment of staff and the training to use it. The result of third hypothesis is development and innovation related to customer satisfaction, travel agency companies must provide background and opportunities necessary to provide new ideas and thoughts to their staff to be more creative and by tracking their customers' demands, seek to improve and develop new services and products. And use it as a significant competitive advantage and take advantage of it. According to the results of fourth research hypotheses it is proposed travel agencies have a regular and continuous measurement of customer satisfaction and develop their organization strategies based on customer needs. Emphasis on marketing and the needs of more and more action to the satisfaction of customers will lead to make way for clients to achieve competitive advantage and customer satisfaction. The result of fifth research hypotheses is implying impact on customer satisfaction and customer service organization. In this regard, the travel agencies are proposing to have adequate attention on the amount of their service quality. Also, proper accountability to customers should not be neglected. Measurement of service quality is a step to achievement possible gaps between customer expectations and perceived service managers and move towards a more service than customers' expectations and it can be resulted satisfaction and loyalty from its in the organization and its business.

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