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## Investigating the Feasibility of Implementing RSQS Model's Problem-Solving Dimensions and Policies in Tehran's Etteka Chain Stores

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### ABSTRACT

Perhaps, offering quality services to the customers and setting the ground for the creation of the store's brand loyalty is the most key factor in creating competitive distinction and, in more exact terms, a fundamental element distinguishing the successful from the unsuccessful stores in the retailing industry. Therefore, the present study investigates the retailing problem-solving dimensions and policies based on the RSQS model for Tehran's Etteka chain stores. The study is applied research in terms of the objectives, and it is a descriptive research of the field observation type regarding the data gathering method. The study population included those of Tehran's Etteka Chain Stores customers who referred to these stores within the temporal span of the research. To determine the study sample's volume, random sampling was the method of choice. The study sample volume was estimated at 384 individuals using the Cochran formula and considering the study's nature. The study is based on structural equation modeling, and SPSS and RPLUS software packages have been applied. Cronbach's alpha coefficient was calculated for a used questionnaire equal to 0.918. The study results are indicative of the idea that there is a significant relationship between the general quality of retailing services and problem-solving dimensions and policies.

**Keywords:** quality, services, retail, quality of retailing services, chain stores

### INTRODUCTION

The retailing environment is changing notably in contrast to the past. The environment is depicted with the raid of the internal and external companies to achieve high and uncommon profits (Sellers, 1990; Smith, 1989). Retailing should distinguish itself from its rivals to succeed in a highly challenging environment. The distinction comes about when the retailer succeeds in meeting the customers' needs in a way that is superior to the rivals. The main retailing strategy for creating a sustainable advantage in this regard is offering services with the highest level of quality (Barry, 1986; Hammel and Savit, 1988 Ritel and Sazer, 1990).

Based on the results obtained from the research on service marketing, it has been made clear that service organizations should expand their long-term relationships to acquire and preserve competitive advantages. Under the present time's circumstances, companies have concluded that the retention of current customers is a lot more profitable than absorption of new customers and, nowadays, it is witnessed that the companies are more willing to develop their relation-based marketing premises and design powerful strategies enabling the expansion of close and, in the meanwhile, long-term relationships with the most profitable customers (Pratten, 2004).

In the retailing context and, more specifically, in the retailing stores that offer a combination of goods and services as the primary foundation of their structures, the retailers can influence the

quality of services more than that of the goods. Since retailers can bring such effects, the quality of services plays a strategic and critical role in giving the customers a special perception of the services' quality. With the formation and development of various forms of modern retailing in Iran based on the number and value of the stores, the perception of the quality of retailing services and the determination of the constituents of retailing services' quality have become strategic and important subjects. However, few studies have been conducted on the quality of retailing services in stores active in Iran's retailing industry.

With the increasing daily expansion in the number of the service-providing jobs along with the augmentation in the importance of such industries and their significance in the elevation of the communities' GDP, such a subject as the offering of flawless services with superior quality has drawn a lot of attention. Gradually, the share of the organizations and institutions that only get involved in offering customers would undergo a lot of increase more than ever in the global economy compared to the quotient of the manufacturing entities and firms. Nowadays, fewer companies are even found with service-providing, not as an important part of their customer satisfaction process. Researchers have figured out that "quality of services" is one of the most important factors influencing the customers' choice of stores in the competitive and highly challenging retailing market, especially in such areas as chain stores where the services are offered in combination with physical products. The quality of the services offered to the customers is of great importance in keeping them satisfied, and it greatly contributes to creating the stores' positive brand image in the customers' minds. In line with this, the present study uses the RSQS model to investigate the quality aspects of retailing services in Tehran's Eteka Chain Stores to figure out the variables' interrelationships and come up with the conditions and criteria enabling the better implementation of this model of services quality assessment.

### **Study's Theoretical Foundations:**

#### **Quality of Services:**

Dr. Deming states that "the optimization of quality via creativity and efficiency enhancement and production process quality control brings about reductions in the finished price and augments production of goods and services" (Feqhi and Farahmand, 2002, pp.527-529). Anderson believes that when the customers become readily willing to leave the company and turn to the rival firms, they should be considered lost. Customers' complaints about the quality of the provided services are reflective of the low service-providing performance experienced versus expected by the customers (Anderson et al., 2008, p.99). Paramason et al. (1988) and Gronerose (1984) define the quality of services as the difference between the customers' perception of the expected services and their perception of the services received. These researchers assume service quality can be a reliable measure of a non-confirmation (between perceptions and expectations) (Wang, 2003, p.74).

In traditional attitudes, the quality of products is appraised in the light of their physical properties and attributes like solidarity and reliability. Still, today, many companies have reinvestigated the concept of quality. These companies have noted that the most optimum and successful product cannot be envisioned as ideal if it cannot meet the customers' wants, needs and expectations. The new definition of quality within the framework of these concepts is as follows: the degree to which a product matches the customers' expectations and the presented specifications (Rusta et al., 2008, p.222).



The tendency to offer high-quality services plays a significant role in such service industries as insurance, banking and so forth; that is because the quality of services is enumerated among vital signs of an organization's survival and profitability. Nowadays, customer satisfaction and service quality are vital signs in most service industries. This issue gains twice as much importance, particularly regarding the financial services wherein the services' distinction is generally problematic (Keymasi and Javadin, 2003). The benefits stemming from services' quality is per se another factor encouraging the organizations to offer increasingly higher qualities of services. One of the direct effects of offering high-quality services is the increase in the ability of an organization to offer efficient services to the customers following its discernment of its customers' wants and needs. Thus, such an organization tries to reduce or eliminate unnecessary services. With the elevation of efficiency and effectiveness in the service-providing task, an organization's profitability can be enhanced. Furthermore, offering better services to the customers causes them to repeat purchases and expand the company products' sales through word of mouth.

#### **Retailing Services Quality Scale (RSQS):**

Retailing environment is changing at a notable speed in contrast to the past; such an environment is portrayed with the raid of the domestic and foreign companies to acquire higher and uncommon profits. Retailers should make themselves distinct from their competitors in this highly challenging environment to appear successful. The distinction occurs when the retailer succeeds in satisfying the customers' needs in a way more superior than its rivals. The primary strategy adopted by the retailing activities serves to create a sustainable advantage, thereby offering services with the highest possible quality. SERVQUAL is the most well-known scale for measuring service quality; it is a scale consisted of five dimensions, namely tangibles, reliability, responsibility, confidence and sympathy. Although the scale has been experimentally tested in many service-providing jobs, it does not perfectly match the retailing environment. Very few studies have been carried out in the retailing industry compared to the other fields. The retailing industry is composed of stores that offer a combination of goods and services to customers. Although the services' quality assessment shares some aspects in completely service-providing environments with retailing environments, the assessment of the retailing services' quality should also incorporate other aspects. Therefore, Dabholkar (1996) introduced the RSQS model or the retailing service quality scale to bring about more conformation between the models devised for assessing the services' quality and the retailing context. The model has been drawn on SERVQUAL, comprised of 28 scales, seventeen of which stem from the Seropov Model, with its eleven properties having been formed based on qualitative research. RSQS consists of five aspects, as explained below (Dabholkar, 1996):

**Physical aspects:** the physical aspects of retailing activity are facilities, equipment, and physical facilities offered by the retailer, and they further cover apparent shape and comfort.

**Reliability:** it includes fulfilling promises, offering proper services, availability of goods and commodities, and ease of performing sales and purchases transactions in an unflawed manner. Reliability can also be further divided into two secondary aspects: the fulfillment of the promises and the proper accomplishment of the tasks.

**Personal interactions:** it encompasses the knowledge of the retailing staff about how to respond to the customers' questions, induction of confidence, providing on-time services to the customers



and polite treating of them. This aspect can be further divided into politeness/assistance and induction of confidence.

**Problem-solving:** the problem-solving aspect deals with the quality with which the transactions and returns are administrated, and complaints are taken care of. In general, the aspect embraces the retailer's tendency to administrate the transactions and returns; his or her cordial willingness to take care of the customers' complaints directly and immediately.

**Policies:** this aspect refers to the cases directly stemming from the retailers' policies and strategies. The aspect includes the quality of the provided products, availability of parking lots and extendable work hours, and acceptance of the credit cards.

Table (1) gives some of the studies performed in retailing services' quality assessment based on RSQS.

Table 1: some of the studies performed on retailing services quality assessment

Author(s)	Research year	Case study	Key findings
Bushov and Terblanch	1997	Hypermarkets and department stores in South Africa	RSQS is a credible and reliable instrument for assessing the quality of retailing services
Mahta, Lavani and Han	2000	Supermarkets and electronics retailers in Singapore	RSQS is a tool more efficient for assessing the quality of supermarkets' services than the quality of the electronics stores' services
Kim and Jin	2001	Discount stores in the US and South Korea	The five properties mentioned for the measurement of the policies seem to lack reliability in both of these countries; the two aspects of personal interactions and problem-solving have been combined into one dimension named personal care
Sive and Chiang	2001	Department stores in Hong Kong	Three properties were eliminated in the pretest. The five-dimensional structure of RSQS was found inappropriate. The research ends with six dimensions of service quality.
Sive and Chio	2004	Japanese supermarkets in Hong Kong	Five properties were omitted due to the low value of their Cronbach's alpha coefficient. The problem-solving aspect of RSQS was merged with the personal interactions with a new



			dimension named credibility added.
<b>Kaul</b>	2005	Clothing stores in India	RSQS dimensions are not credible in India, and a four-aspect structure was affirmed.

### **Retailing Industry:**

Retailing refers to a set of commercial activities leading to adding value to the products and services offered to the final consumers for their personal and non-commercial use. Most individuals think that retailing is just the selling of products in stores, while retailers also get involved in selling services (Levy and Weitz, 2012).

Some of the retailers, as well, work in both retailing and wholesaling. They are retailers when they engage in the sales of the goods to the consumers, and they are wholesalers when they engage in sales to other businesses like restaurants. In some parts of the supply chain, the production, wholesaling and retailing activities are undertaken by independent companies (Levy and Weitz, 2012).

Large retailers administrate their distribution centers and do activities of the same type as the wholesalers. They directly buy from the manufacturers; then transfer their bought goods to their stores to be distributed from them. Some retailers are also vastly active in the area of vertical merging; they design the products that will be sold themselves; then, they enter contracts with manufacturers for their exclusive production (Zentes, 2007).

To reduce the transportation costs, the manufacturers and the wholesalers generally carry the goods in large packages to the retailers, who subsequently prepare the goods in smaller amounts to be used by themselves and their clients. This is of great importance for both the manufacturers and the consumers because it, on the one hand, enables the manufacturers to produce and carry goods in larger volumes and, on the other hand, enables the consumers to purchase the products in smaller and more useful amounts.

The value-adding activity performed by the retailers is termed inventory management. With such an activity, the consumers' access to their needed items of goods is constantly made possible. Therefore, consumers can buy a small number of their required products and keep them at home because the local retailers are nearby (Levy and Weitz, 2012).

Retailing stores feature different shapes and sizes, and new kinds of retailing emerge gradually over time. Retailing stores can be categorized based on one or several specifications. Amongst these factors, the level of the services offered by a store, type of goods offered for sale in a store, the relative level of sale prices, method of sale canals' control and method of compiling goods can be pointed out. Retailing stores can be divided based on their ways of selling canals' control into chain stores, retailing cooperatives, consumer cooperatives, concessional organizations and combined business firms (Cutler, 2007). The present study investigates problem-solving dimensions and policies of Eteka Chain Stores using RSQS.

### **Study Method:**

The current study is applied research in terms of its objectives and descriptive survey research in terms of the methodology. The study population included all of the customers of Eteka Chain Stores in Tehran. The study used the Cochran formula to reach the volume of the study's sample, which was comprised of an unlimited number of individuals. Based on the formula above, the



study sample's volume reached 384 individuals. Also, the two-stage cluster sampling method has been utilized with the first cluster being comprised of the weekdays and the second cluster comprising the stores' work hours. It is worth mentioning that simple random sampling has been the method of choice inside the clusters. The data examined herein have been randomly obtained from the customers of Etteka Chain Stores within two days (the weekdays were divided into two parts: the first days of the week, including Saturday to Wednesday, and the last days of the week, including Thursday and Friday. To consider the customers' scattering during the days with a low population of the customers visiting the stores and the days with a high population of customers visiting the stores, a day from the first weekdays and a day from the last weekdays were chosen for sampling and data collection; the data gathering lasted from 8:00 am to 10:00 pm. The sample eventually contained 226 males (56.6%) and 174 females (43.4%), of which 34.5% were single, and 65.5% were married.

To gather data, questionnaires were administered. To test the questionnaire's validity, content validity was the test of choice. The final questionnaire was confirmed by the supervising and advising professors. In the end, the questionnaire was found to a good validity. To test the questionnaire's reliability, Cronbach's alpha coefficient was computed. In this research, 30 questionnaires were administered within the format of a pretest. Cronbach's alpha coefficient was obtained equal to 0.918 in SPSS software. The amount was above the acceptable range; hence the questionnaire was affirmed with favorable reliability.

To analyze the demographic questions' responses provided by the customers, SPSS, version 16, was applied. After the extraction of the data frequency, the study sample was described concerning its properties and characteristics. Furthermore, to test the study hypotheses and investigate the model's goodness of fit, R&PLUS software was utilized.

#### Findings:

The results indicated that the customers' age is 30.16, with a standard deviation of 8.13. 28.3% of the customers had diplomas and lower degrees; 22% had associate degrees; 26.9% had a BA, and 22.8% had MA and higher degrees. Nearly 31% of the studied individuals were among the constant customers of the store; 22.8% of them used to go to one of Etteka's chain stores for shopping most of the time, and 26.9% of them used to go shopping in Etteka's chain stores occasionally.

**Hypothesis One:** problem-solving dimension is significantly associated with the overall quality of the services.

To investigate the relationship between the problem-solving indices and the problem-solving itself, the following is the assumption tested herein:

**Null Hypothesis (H<sub>0</sub>):** the indices are not associated with problem-solving.

**Primary Hypothesis (H<sub>1</sub>):** the indices are associated with problem-solving.

$$\begin{cases} H_0 : r = 0 \\ H_1 : r \neq 0 \end{cases}$$

To investigate this issue, the diagram is seminally delineated based on a standard method, and the coefficients are secondly estimated with a confidence level set at 5% ( $\alpha=0.5$ )

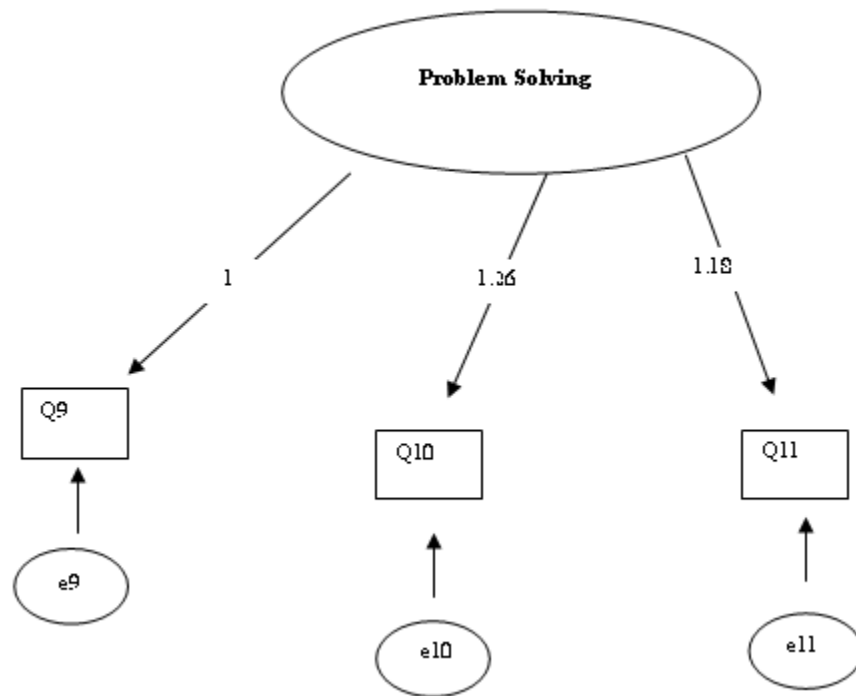


Figure (1): problem-solving model

Table 2: investigating the problem-solving scales

Index	Coefficient	p-value
Q21	1	0
Q22	1.26	0
Q23	1.18	0

When the customers are satisfied with the employees taking care of their problems in the stores, the highest amount of problem-solving index is reached. In the next ranks, the stores the customers of which feel satisfied with the employees' taking care of their complaints and admitting the returned goods and their replacement with new ones are the stores said to have adopted appropriate problem-solving strategies.

Hypothesis Two: the policies constitute an aspect that is significantly correlated with the overall quality of services.

To investigate the relationship between the indices of policies and the policies themselves, the following are the presumptions examined herein:

**Null Hypothesis (H<sub>0</sub>):** the indices are not associated with policies.

**Primary Hypothesis (H<sub>1</sub>):** the indices are associated with policies.

$$\begin{cases} H_0 : r = 0 \\ H_1 : r \neq 0 \end{cases}$$

To investigate this issue, the last diagram is seminally delineated based on a standard method, and the coefficients are secondly estimated with a confidence level set at 5% ( $\alpha=0.5$ )



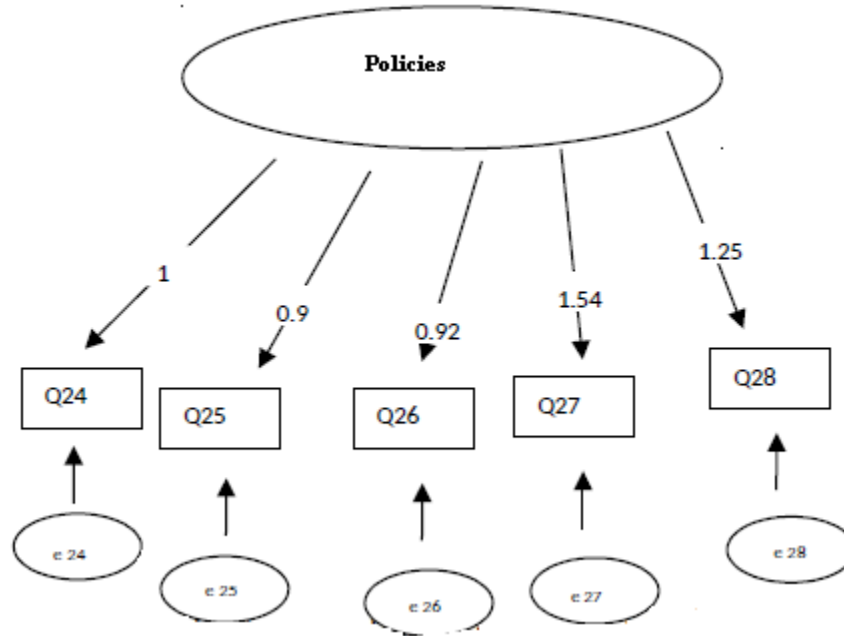


Figure (2): stores' policies model

Table 3: investigating the policies' indices

Index	Coefficient	p-value
Q24	1	0
Q25	0.90	0
Q26	0.92	0
Q27	1.54	0
Q28	1.25	0

### Conclusion:

The study findings indicated that the customers studied in the sample are an average age of 30.165 with a standard deviation of 8.13; the youngest customer was 19 years old, and the oldest one was 70 years old. Meanwhile, a high percentage of the customers was in the 20-40 age range. On the other hand, the study results indicated that 28.3% of the customers have a diploma and lower degrees; 22% have associate degrees; 26.9% have BA degrees, and 22.8% have MA and higher degrees. The demographic indices of the customers also signified that more than one-third of Etteka chain stores' customers are employees; almost one-third is housekeeper, university student, and freelancer; and the remaining one-third works in other types of jobs. In addition, it was made clear in this study that more than 50% of Etteka chain stores' customers have incomes in a range from 500000 TOMANs to 1000000 TOMANs; about 22.8% of them have incomes below 500000 TOMANs, and about 17.9% of them have incomes between 1000000 TOMANs and 1500000 TOMANs. Amongst the 400 customers studied herein, only 8.3% were found with revenues above 1500000 TOMANs. One of the other helpful cases is the number of customers' referring to the stores. This research indicated that almost 31% of the studied individuals are constant customers; 22.8% often visited the stores; 26.9% sometimes

visited the stores, and about 19% rarely or very few times visited Etteka Chain Stores for shopping.

The results also expressed that the problem-solving aspect is significantly associated with the overall quality of services. The above-presented first hypothesis is confirmed by the amounts obtained as the significance coefficient (0.000 which is below 0.05). The stores the customers who are satisfied with how the employees take care of their problems in the course of their shopping, as well as how they welcome them and admit or replace the returned goods, are the stores that have adopted appropriate problem-solving strategies.

Besides, the results also indicated that the policies are significantly correlated with the overall quality of the services. Considering the amounts obtained for significance coefficient, i.e., 0.000, below 0.05, the abovementioned second hypothesis is affirmed.

Considering the significant relationship between the policies and the overall quality of services, it is suggested that the managers of Etteka Chain Stores should adopt proper strategies regarding offering high-quality goods along with proper prices as well as about the parking lots' statuses in qualitative and quantitative terms and also concerning the acceptance of credit cards and granting of special credit cards in every one of the chain stores. Moreover, considering the significant relationship between the problem-solving and the overall quality of the services, it is suggested that the managers of Etteka Chain Stores should be sensitive to cases like admitting and replacing the returned goods, taking care of the customers' problems and rapid providing of responses to the customers' complaints and plan accordingly to better take care of the cases above.

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