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Service Quality in Small and Medium Enterprises (SMEs) from the Customers' Perspective: A Case Study of 5 Different Sectors in Mauritius

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Abstract:
The perceived quality of goods by the customers has importance. But it is hard to measure the quality of the services as compared to the physical goods. Quality services is the indicator of competitive advantage in specific industry. In this paper, the quality of services delivered by the SMEs in Mauritius has analyzed. Different dimensions of quality have been analyzed and customer satisfaction has been turned out to be the most important among them. The results show that responsiveness and tangibility are the main indicators of customer satisfaction.

Keywords: SMEs, quality, customer satisfaction, services

1. Introduction

Services sector is indeed undergoing a revolutionary change in terms of quality. This also poses further challenges for the people working in the services sector. Society is becoming well-informed due to the raising living standards, technology innovation and economic development. This is the reason customers are now more aware about the quality and can easily differentiate the services of different companies in terms of quality. Quality is becoming the main concern to every organization across the globe irrespective of the goods and services being offered to customers. The role of SMEs cannot be ignored in the economic development of especially the developing countries. The face of SMEs has also changed which has induced more competition which has compelled the companies working in SME to provide high quality services. Quality is also important for their survival. Quality generlaly is a vague term but it can be simply defined as the complete characteristics and features of some service or product in terms of its capability in satisfying the needs of the customers. within the domain of modern context, the quality has been shifted to customers from the providers of the services. The main aim of the quality now has become the customer satisfaction. Within SME sector, entrepreneurs are striving hard to attain customer satisfaction through delivering quality services. Hence customer satisfaction and quality are the main challenges faced by the SME all over the world. Mauritian SMEs have its roots in 1960 when the local entrepreneur started playing their role. Now the SMEs is considered to be the main backbone of the country's economy. Generally, SMEs also make up largest sector of business all across the world (Culkin, 2000). Government all across the glove trying to promote the growth of SMEs as an integral part of the national development plan (Abdullah, 2000). SME sector in Mauritius is contirbuting not only in the growth of the economic development but alos providing employment as well as oppertunities to the people of Mauritius. But challeneges are there for the SMEs in the country such as finance, training, less market infromation, no managerial skills, scarcity of skilled workers and innovation. With these challenges, the SME of Mauritius has to struggle hard to remain alive in the strategic compeition of the global economies.

Rest of the paper has been organzied as follows: Section I is SERVQUAL Model, Section II is Research Design, Section III is Data Analysis and Discussion, Section IV is Conclusion and Recommendations while Section V is References.

2. SERVQUAL Model

For measuring the service quality, the best model is SERQUAL model (Cronin, 1994). This model has greatly contributed mainly in the understanding of the services quality (Gagliano, 1994). SERVQUAL Model is a tool consisting of about 22 items helping the companies in evaluation of their customers' expectations as well as the perception about the quality of the services they offer. The model revolves around 5 main dimensions: tangibility-shows the physical evidence specifically of the quality and encompass the employees' appearance, carpeting, lighting, walls etc. (Hoffman, 2006), empathy-shows the capability of the service provider in providing the personal care and attention to the customers and their needs so they feel themselves valued in the organization (O"Neill, 2003), reliability-refers to capability of specific service provider in performing some specific service accurately and independently (Hoffman, 2006), assurance-shows the confidence of the service provider in the knowledge and skills and also includes the security, credibility and competence of the service provider (Juwaheer, 2003), responsiveness-shows the extent to which the service provider can provide the required services accurately and quickly to the customers (Atilgan, 2003). This study also uses SERVQUAL Model for the analysis of the services provided by the 5 selected SMEs within Mauritius.

Some of the researchers have criticized the SERVQUAL Model. Some are of the opinion that there has not been available proper evidence for the supporting the expected performance gap as being the major measure of the service quality (Cronin, 1992). Some are also of the opinion that the SERVQUAL measurement instrument lacks the operational and theoretical weak points, hence this model is not suitable to be applied universally due to being more contextual (Gagliano, 1994). Though the model has been widely criticized but still no researcher could deny the applicability and utility of the model. As a result, this tools is the broadly used tool for the measurement of customers' satisfaction and services quality. This model has been widely applied in mobile industry, public services, tourism and hospitality, and airlines (PRAYAG, 2007)(Sultan, 2000). Customers' expectation is an indicator which helps in measuring the present and future services provided by a given organization and this indicator gets affected by different factors such as the word of the mouth, external communication and the individual needs. The growing competition in the today's business world considers success if the customers' satisfaction and the services quality are present in the SMEs and both are also considered important for the survival of the SMEs. This model hence brings a strong correlation among the services quality and financial benefit in such a manner that higher the services quality is, higher is the financial benefit.

3. Research Design

This study follows a triangular approach in which semi-structured interviews have been used as an important tool for data collection by survey. Questionnaires have been designed to find out answers to research questions. Along with this, mix of qualitative and quantitative methods have been also used such as case studies, observation, grounded theory, survey and experiments to provide strong base to the results being drawn. So, mixed research method with deductive approach has been considered suitable for this study and conclusion is drawn from the collected sample by studying a target population base through survey. Two target populations have been selected for this study: 1) entrepreneurs from the 5 SMEs in Mauritius and 2) customers. Non-probability sampling technique has been used in this study which is a subjective and random sampling method and the main reason for this is the inability to reach out the large customers' base using the services from the selected 5 SMEs in Mauritius. The sample size has been defined as: 15 entrepreneurs from 15 SMEs and 100 customers of the 5 SMEs. Pilot study has been conducted before the actual survey has been conducted just to refine the questionnaire and also to highlight the weaknesses in the instrumentation and design of the study. For the purpose of data processing, the statistical SPSS version 19.0 was used. A questionnaire having 20 questions was prepared while answers were collected on the Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Chi-square test has been performed to measure the relationship among the expected values and observed values. Ethical consideration has been given proper value while conducting this study. It was ensured that the research process and activity doesn't cause any harm to any respondent of the survey and to any other individual in the industry either customer or entrepreneur. The main limitation of this study is that it was not physically possible to reach out every customer from the different regions in the country and among the 5 selected SMEs, the two among them were very reluctant in providing the correct and relevant answers to the questions posed. Another limitation is that this study only focuses 5 SMEs in Mauritius and doesn't target the complete SME sector.

4. Data Analysis and Discussion

Before conducting the data analysis, the validity and reliability tests of the data were performed to verify if the sample is large enough as well as valid and reliable to be considered for the in-depth treatment. The data analysis has been done using the built-in functions of the SPSS has been used such as Cronbach Alpha (Reliability Test). This test helps in finding out the internal inconsistency in the sample data. The Cronbach Alpha is calculated by considering all the possible split-halves which result from the different splitting of the scaled items. The SMEs investigated in this study include Tourism, Restaurant Services, Construction Services, Retailing, Health and Fitness. The pie chart in Figure 1 shows percentage of customers seeking services from these 5 SMEs in Mauritius.
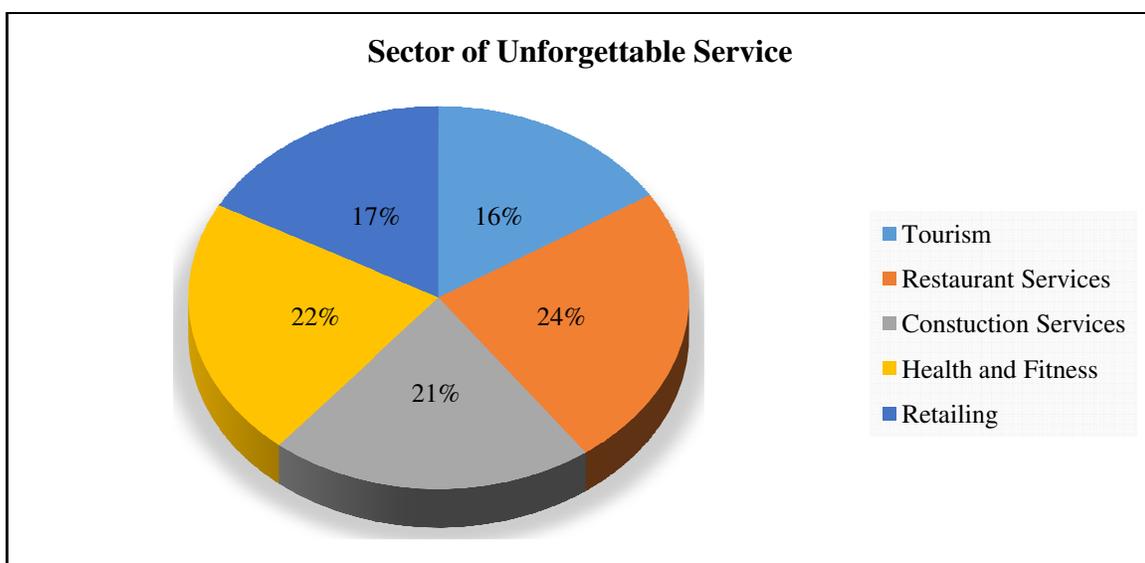

Figure 1: Sectors of Unforgettable Service

In part A of the survey, the respondents were asked to rate the 5 SMEs under the SERVQUAL Model. Respondents were asked to rate the 5 SMES on the five dimensions of the SERQUAL Model. For the Tangibility dimension, the results are shown in Figure 2.
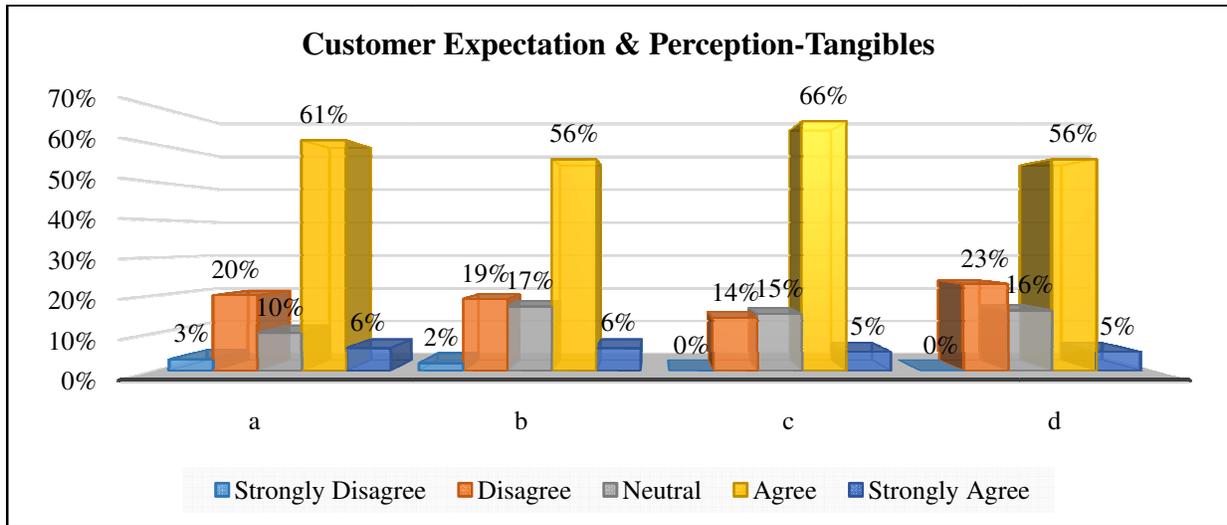

Figure 2: Assessment of the Tangibility

From the Figure 2, it is clear that the tangibility dimension is 55% minimum which means that customer have positive perception about the physical attributes of the SMEs under study. The measurement of reliability dimension in shown in Figure 3. 47% of the reliability scale means that the interest of the services provider in problem solving, 33-34% shows the lack of interest of the service provider in providing the rights services at right time may be due to different reasons such as lack of managerial skills, employees' motivation etc.
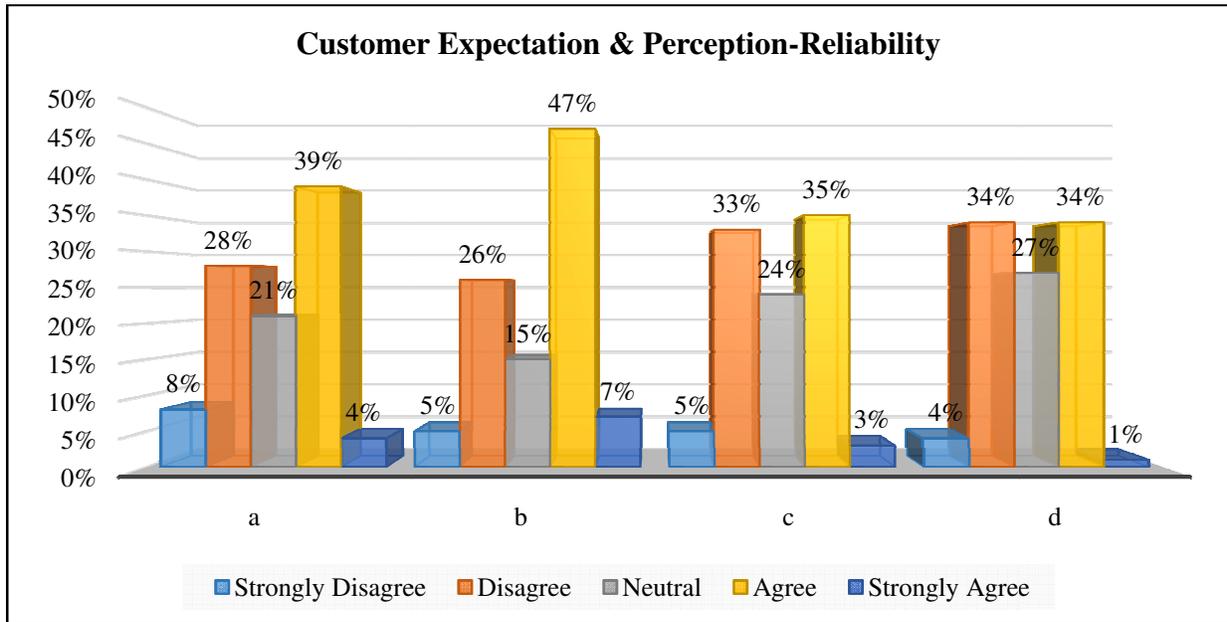

Figure 3: Assessment of Reliability

The responsiveness dimension of the SERVQUAL Model has been represented in Figure 4. The figure shows that 66% of the employee show their willingness to help the customers. While 37% shows that the employees provide the requested services but the company is required to further motivate its employees.
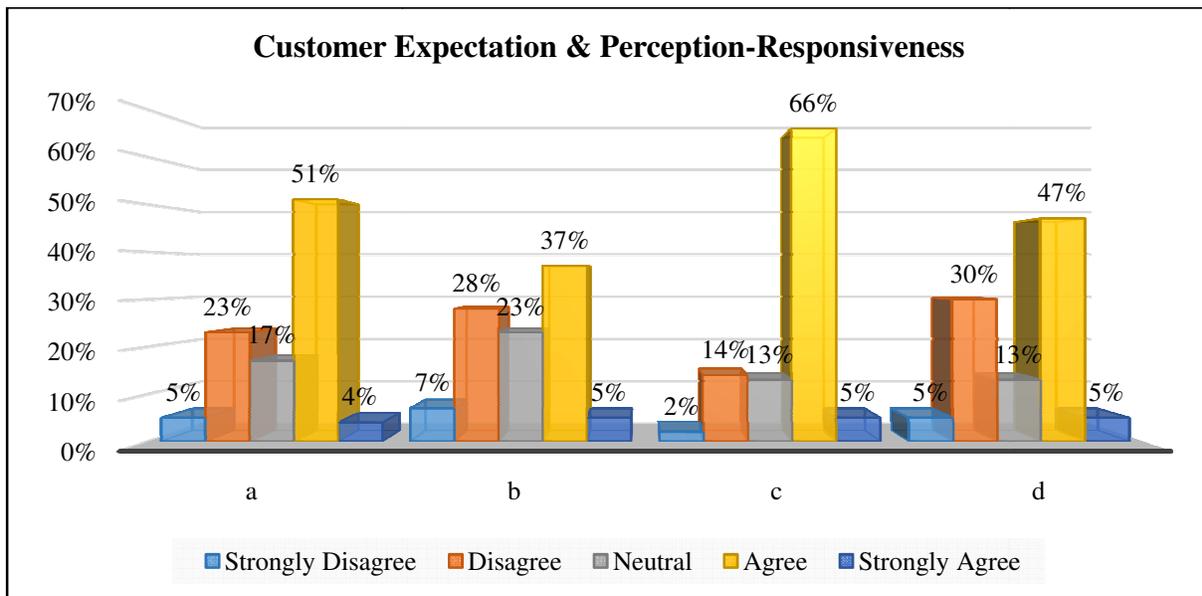
Figure 4: Assessment of Responsiveness

The assurance dimension is shown in Figure 5. The figure shows that 65% of the respondents are of the opinion that the employees have the required knowledge to answer the questions and queries of the customers which shows that companies do provide their employees with proper training about the services and product they serve. 54% shows that the customers feel themselves safe in the company's environment.
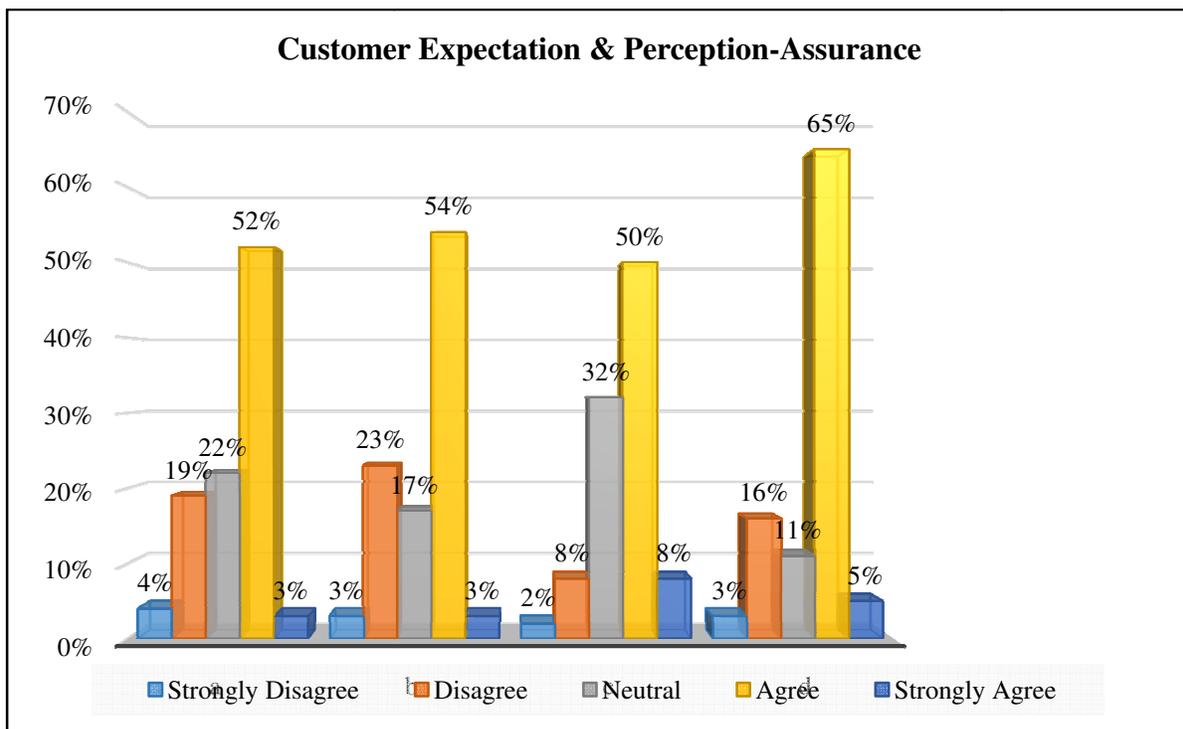

Figure 5: Assessment of Assurance

Empathy dimension has been highlighted in Figure 6. Figure shows that 59% of the respondents agree that companies understand the needs and requirements of their customers while 32% of the respondents disagree to the fact. So, it is required that the entrepreneur should pay attention to provide the individual care and attention in retaining their customers.
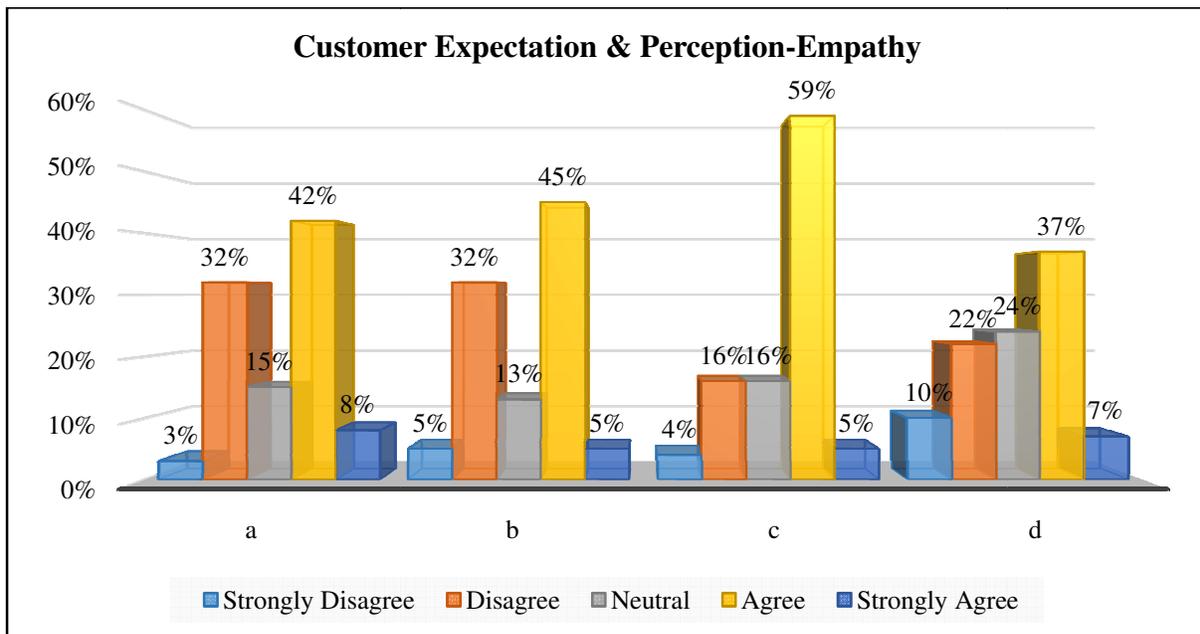
Figure 6: Assessment of Empathy

The overall customers' satisfaction from the services being offered by the 5 SMEs are shown in Figure 7.
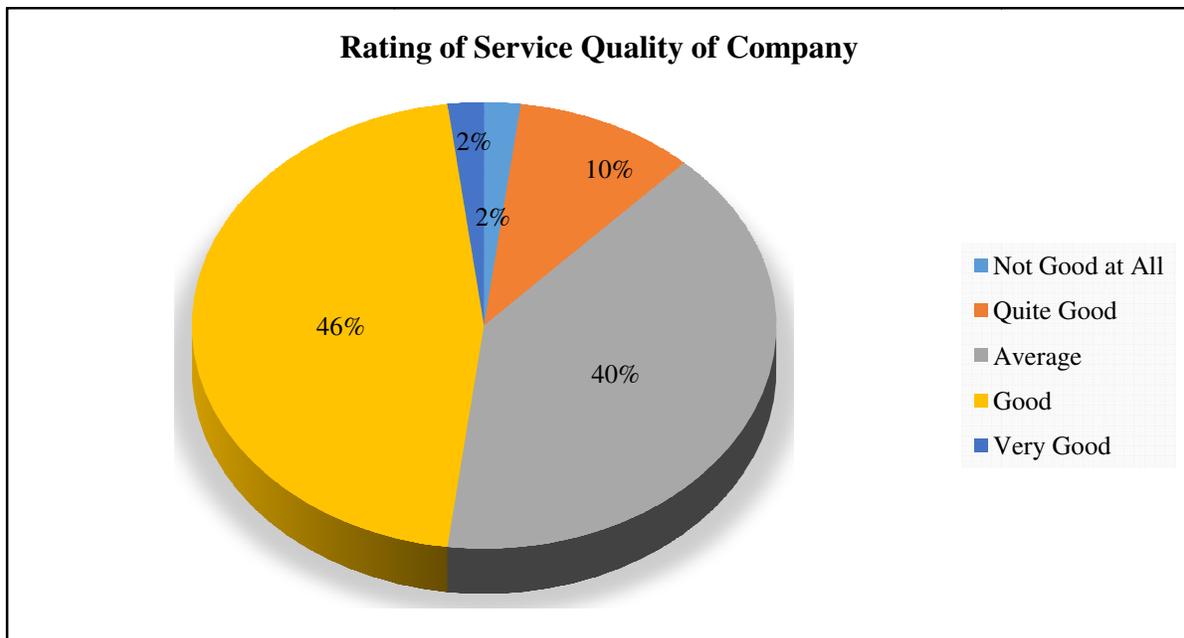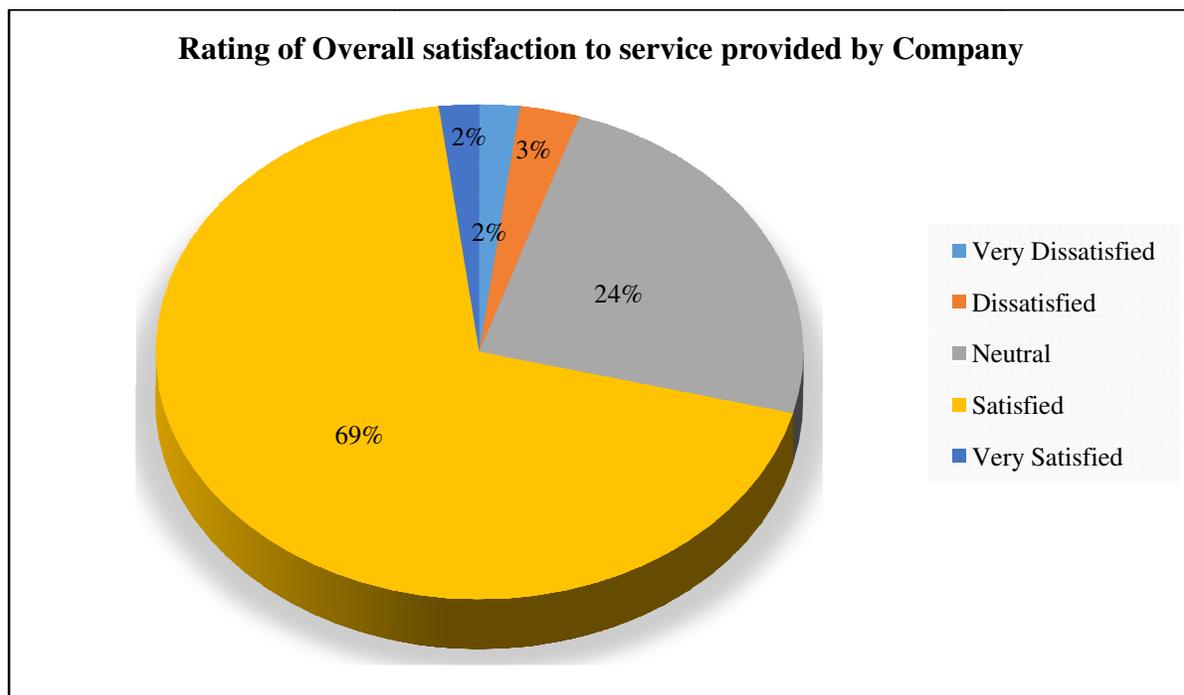

Figure 7: Rating of Service Quality of Company

From the Figure 7, it can be deduced that 40-46% customers are satisfied by the services quality being offered by the 5 SMEs. While 2% are not at all happy with the quality of services. This shows that the respondents are almost unanimous in responding and recognizing the services quality in the SME sector. The customer satisfaction has been shown in Figure 8 which shows that 71% of the respondents are overall satisfied with the services provided by the specific SME. While 2$% didn't have any assessment if they are satisfied or not with the services provided to them.

Rating of Overall satisfaction to service provided by Company

Figure 8: Rating of Overall Satisfaction to service provided by Company

The qualitative approach has also been used in this study in which the 5 entrepreneurs of different SMEs have been requested to answer some questions in an interview. Their responses in general show their interest to provide quality services to their customers but they face certain challenges in doing so such as lack of openness and trust which shows their reluctance to share their business strategy with their employees, technology, and quality management is another area which is ignored, and quality training is also given least value in the SMEs.

5. Conclusion and Recommendations

In general terms, the respondents in the 5 selected SMEs in the country are of the opinion that quality of services affect their future visits to the specific company. If they are satisfied with the services quality, so they do visit them back. They perceive the service quality as high indicator of customers' satisfaction. Generally, it has been observed from the analysis, that the service quality in the SME sector in Mauritius is high. Though there are to some extent low level of the perception about few considerations such as timely service, appealing material, employees' motivation, attention of the employees to the needs of the customers. Hence services offered by the SME sector are being appreciated by their customers in the country. From the analysis, it has also been observed that majority of the customers in the SME sector are satisfied by the services being offered by different companies in the sector. The overall analysis show that there is a positive correlation among the SEVQUAL Model dimensions such as tangibility, reliability, assurance, responsiveness and empathy on the customers' satisfaction.

In a nutshell, the customers' perception about the services quality in the SME sector is high regardless of the few parameters which still require further work such. Customers are aware of the equipment being used in the services offered so they expect to see latest equipment to be used for the delivery of services, attitude of management plays integral role in the customers' satisfaction and customers are aware of this fact. Customer satisfaction is the basic element for the success of any business including SME sectors.it has also been observed in this study, that majority of the entrepreneurs though are aware of the term services quality but they are still reluctant to take measures which can bring quality in their services and product. There are different reasons according to them such as they being new in the business hardly trust their employees to share their business strategy with, lack of training opportunities to the employees, and no motivational tactics being used by the management. All this creates hurdles in bringing quality in services and as a result low customers' satisfaction comes up. Though Government of Mauritius offers generous support to motivate entrepreneurs in the SME sector and offers different growth opportunities to them but still there is a need to provide proper awareness and training to new entrepreneurs in the sector on how they can effectively utilize the benefits offered by the government in the sector which can help them gain trust and knowledge about their business and environment conditions. Government is required to invest in the technology and training of the new entrepreneurs so that they become part of the country's economic growth.

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