Research Article

Service Quality Perception with Reference to Pharmaceutical Industry

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ABSTRACT

The main objectives of the research to assess the service quality perception with reference to pharmaceutical industry. The results of the research study reveal that there appears to be lack of Service Quality awareness with the pharmaceutical employees as well as adoption of Crafting Complaint Resolution Mechanism available in the market. It is suggested that the successful implementation of service quality can be achieved only if the pharmaceutical company can create the right environment, culture and attitude of the employee aiming to serve the customers.

Keywords: Service quality Perception (SQP), Crafting Complaint Resolution Mechanism (CCRM), Improving Customer Interaction, Enhancing Employee Involvement and Drawing Attention of Competitor's Customers.

INTRODUCTION

The Continuous changes in the economic scenario and intense competition are causing Pharmaceutical industry to undergo radical changes in the approach towards customer service. A number of new technologies are being incorporated in the infrastructure to yield a more profitable status. Unlike before, today everything begins and ends with the customer, as the emerging global and electronic economy has turned on its head and has placed the customer firmly in the control seat.

Thus success in the 21st century Pharmaceutical business depends on the company's ability to develop, retain and expand the profitability relationship with its customer base. The only strategy that is perceived to make since in the emerging Pharmaceutical company environment requires company to learn and practice service quality perception.

Changing Pharmaceutical Environment

The Pharmaceutical sector is entering a new world and exciting developments are changing the face of industry. The Pharmaceutical operations along with heightened competition, continuing deregulation and technological advancements have significantly altered the face and scope of Pharmaceutical. The last decade has witnessed a sea change in the economic and Pharmaceutical environment all over the world. With economic and financial sector reforms introduced in the country since the early 1990's the operating environment of pharma has also undergone a rapid change. Liberalization has opened the turf to new players and brought greater competition among pharma industry.

With increasing competition among retail pharma, customers are also becoming more demanding and discerning. To meet customer expectations, company offer a broad range of product, investments and products through diverse distribution channels including upgraded technology. However the above factors could be imitated by the competitors within a short span of time. Therefore, for a pharma, one of the key factors to retain and attract customer is the Customized Relationship Building through value added products.

Review of Literature

Service Quality

Barbara R Lewis (1991)[1],in a research on service quality, an empirical research findings presented from an investigation of consumer expectation and perception of service quality customer, indicated the importance of a range of elements of services quality and their perception of service actually received.

In organizations manufacturing tangible goods, the personnel perform their duties in the factories away from the customers. In services organizations, personnel come in contact with the customers in the process of production and consumption of services. The inseparable nature of service emphasis the point that the human element forms an important element in Pharmacy.

In service businesses, the service personnel reflect the organizational realities. It is through the interaction with the staff the customers form an opinion of the organization. A service organization may have all equipment and technical facilities, and yet may not be able to provide satisfactory customer service. Therefore it becomes essential for the service marketers to motivate the employees to serve the customers better. The main prerequisite for motivating the employees to deliver quality service to customers is delivering quality service to the customers.

The service profit chain model proposed by heskett[2] presented below clearly depicts the relationship between the service value.

Service quality also referred as the quality of work life is defined by (Heskett)[2] as the quality of work environment that contributes to employee satisfaction.

Service quality is defined as the feelings that employees have towards their job, colleagues and the company (Christopher H lovelock 1996)[3].

Even though many authors approach Service quality from different perspectives, they share fundamental underlying belief that organizations attempting to deliver service quality to customers must begin by serving the needs of the customers.

Schneider and brown (1985)[4] found that when employees describe the human resource practices of a company as being service oriented, customers also hold favourable views of the quality of service they receive.

Heskett (1994)[2] in his discussion on the service profit chain have indicated that internal service quality drives employee satisfaction resulting in customer satisfaction, loyalty and growth.

Zeithml[5] discusses that internal service quality problems are responsible for many of the customer perceived problems in industries.

Dimensions of Service Quality

Researchers have identified different dimensions to measure service quality. The six different criteria to measure internal service quality, which includes pay and benefits, opportunities, job security, pride in the work and company, openness and fairness, camaraderie and friendliness.

The academic and popular Berry (1998)[6], have identified eight service quality components.

The several of these components in their research, which includes tools, policies and procedures, teamwork, management support, goal alignment, effective training, effective training, communication, rewards and recognition.

Thus service quality which implies the quality of service delivered but the organization to the customers can be measured using various dimensions like the quality of training offered, the rewards and recognition offered, the free flow of communication between the different hierarchical levels, the level of flexibility in operations etc.

On analyzing the dimensions of service quality, the dimension of proper pay and benefits has been considered by all the researchers.

Managing customer orientation through offering quality service is commonly identified as one of the most effective means of building a competitive position in the service industry.

One of the antecedents for offering quality service to customers depends on offering quality service to customers.

Statement of Problem

The intensity of competition in Pharmaceutical industry is bound to grow in the years to come which in turn could make Pharmaceutical operations more challenging and complex.

A paradigm shift is noticeable in the Pharmaceutical industry in India. Such a shift reflects in terms of number of Pharma Company, Volume of Business in Pharmaceutical as well as nature of business operations.

Pharmacy in general have moved a long way from mere financial intermediaries to full-fledged Medical institutions.

In the context of competing Pharmaceutical Company who are performing with almost undifferentiated services, for almost equal prices; the customers of one pharmacy are left with multiple options to move over to some other Company in search of better services, with little or no barrier of switch over from one Pharmaceutical Company to another.

The Objectives of Research

- To study the Service quality perception with respective to pharmaceutical industry.
- To analyze the influence of service quality to Pharmaceutical Company customer.

MATERIALS AND METHODS

Data Sources

Primary Data

Primary data was collected through interview schedules.

Secondary Data

Secondary data from the various websites and books, report-published as well as unpublished and journals.

Data Collection Tools

Based on suggestions given by the Pharmaceutical company managers, detailed interview schedule were framed.

The interview schedule is designed to collect the information related to the perception of the respondent towards service quality.

Pilot Study

The purpose of the pilot study was to ascertain whether the data collected has any relevancy to the objectives framed for the study and also to test the validity of the questions and its response.

Data Analysis

Explanatory factor analysis is used to identify the underlying constructs and investigate relationship among the variables.

To test the suitability of the data for factor analysis, the following steps are taken.

- The correlation matrix was computed and examined. It reveals that there are enough correlations to go ahead with factor analysis.
- To test the sampling adequacy, Kaiser-Meyer-Olkin measure of sampling adequacy is computed which is found to be 0.804. It indicates that sample is good for sampling.

The overall significance of correlation matrices is tested with Bartlett test of sphericity (Approximately Chi-square 4442.044 and significant at 0.000) provided as well as support for the validity of the factor analysis of the data set.

The Table 1 above shows that the standards indicated makes the data suitable for factor analysis. Principal component Analysis is employed for extracting factor. Orthogonal rotation with Varimax was applied. The latent root criterion is used for extraction of factors. As per it, only the factors having Eigen values greater than one are considered significant. All the factors with Eigen values less than 1 are considered insignificant and disregarded[6-15].

Table 1: KMO and Bartlett's test

KMO and Bartlett's test		
Kaiser – Meyer – Olkin Measure of Sampling Adequacy		0.804
Bartlett's Test of Sphericity	Approx. Chi-Square	4442.044
	Df	435
	Sig.	0.000

Source: Output from SPSS

Table 2: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.136	23.786	23.786	7.136	23.786	23.786	3.382	11.273	11.273
2	2.024	6.747	30.533	2.024	6.747	30.533	2.555	8.516	19.790
3	1.814	6.047	36.580	1.814	6.047	36.580	2.424	8.079	27.868
4	1.568	5.225	41.805	1.568	5.225	41.805	2.235	7.451	35.319
5	1.510	5.035	46.840	1.510	5.035	46.840	2.208	7.359	42.678
6	1.337	4.457	51.297	1.337	4.457	51.297	1.902	6.338	49.016
7	1.179	3.931	55.228	1.179	3.931	55.228	1.863	6.211	55.228
8	1.125	3.749	58.977						
9	1.064	3.546	62.523						
10	.944	3.145	65.668						
11	.858	2.860	68.528						
12	.827	2.757	71.286						
13	.788	2.626	73.912						
14	.736	2.453	76.365						
15	.720	2.399	78.764						
16	.671	2.235	81.000						
17	.614	2.045	83.045						
18	.563	1.877	84.922						
19	.529	1.764	86.686						
20	.510	1.701	88.387						
21	.490	1.634	90.020						
22	.476	1.587	91.607						
23	.420	1.401	93.009						
24	.373	1.243	94.252						
25	.347	1.157	95.408						
26	.319	1.065	96.473						
27	.302	1.008	97.481						
28	.276	.918	98.400						
29	.261	.869	99.269						
30	.219	.731	100.000						

Extraction Method: Principal Component Analysis.

Source: Output from SPSS

From the Table 2 above, it is observed that there were only seven factors having Eigen values exceeding 1. The Eigen values after rotation are 3.382, 2.555, 2.424, 2.235, 2.208, 1.902 and 1.863.

The Per cent of the total variance which is used as an index to determine how well the factor analysis accounts for what the variable together represent is 55.228 Per cent.

Table 3: Rotated Component Matrix

	Component						
	1	2	3	4	5	6	7
q7-1				.484			
q7-2				.794			
q7-3				.613			
q7-4				.539			
q7-5					.728		
q7-6					.493		
q7-7	.133						
q7-8							.515
q7-9		.422					
q7-10					.572		
q7-11		.453					
q7-12							.685
q7-13						.604	
q7-14						.692	
q7-15						.497	
q7-16		.577					
q7-17							.576
q7-18		.721					
q7-19	.530						
q7-20	.432						
q7-21	.635						
q7-22	.669						
q7-23	.762						
q7-24	.620						
q7-25	.543						
q7-26	.346						
q7-27			.568				
q7-28			.544				
q7-29			.707				
q7-30			.762				

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
[a] Rotation converged in 10 iterations.
Source: Output from SPSS

The above Table 3 shows, the variables under each of the seven derived factors.

The first factor consists of eight variables, the second factor consists of five variables, the third factor consists of four variables, the fourth factor consists of four variables, the fifth variable consists of three variables, the sixth factor consists of three variables and the seventh factor consists of three variables.

Table 4: Variables for the seven factors obtained using the Factor analysis.

Factors	Factors Statement	Factor/Loading
I	Trustworthiness	.530
	Personal touch	.432
	Past experience	.635
	Attentiveness	.669
	Assurance	.762
	Reliability	.620
	Responsiveness	.543
	Preferential	.346
II	Simplicity of operation	.133
	Convenient hours	.422
	Attractive product	.453
	Rate	.577
	Credit facilities	.721
III	Treatment	.568
	Advertisement	.544
	Courtesy	.707
	Flexible approach	.762
IV	Computerized services	.484
	Speed of operation	.794
	Responsiveness of staff	.613
	Flexible working hours	.539
V	Flexible working time	.728
	Handling grievances	.493
	Convenient location	.572
VI	Technical facilities	.604
	Ambience	.692
	image	.497
VII	Privacy	.515
	facilities	.685
	Number of branches	.576

Source: Computed Table Using SPSS

RESULTS AND DISCUSSION

- Crafting Complaint Resolution Mechanism

In the research study the varying nature of customer complaints can be observed. The customers look for a system to express their complaints and get it resolved in time. It is observed from the study that it takes on an average, approximately three days to redress the grievance of a complaint which effects on the satisfaction level. Therefore it is suggested to craft a complaint resolution mechanism to bring a logical end to the issues thereby minimizing the customer complaint cycle. This will strengthen the relationship with the customer and build a reliability quotient in the operations.

- Improving Customer Interaction

The interaction with customers is an essential input for effective customer relationship.

Active interaction at periodic intervals would reveal the relationship status. It is therefore suggested that, the company may come forward with appropriate and effective interaction mechanism.

In this context, the researcher could observe that some company have already initiated steps such as, appointment of relationship managers.

Such approaches should further be activated aiming at total customer interaction leading to build up better relationship.

- Enhancing Employee Involvement

The employees of the Pharmaceutical Company in its value delivery system play a vital role in building the customer relationship.

Based on the study, it is felt that the employees are to necessarily be tuned towards adapting themselves to the constantly changing requirements of the customers.

As such, it is suggested that, pharma company may time to time organize focused training programmes to the employees. The training should attempt towards the self-improvement of the employees and its derived benefits in the service quality.

- Relationship based Reinforcement of Pharma Employees

In the context of relationship building with the customers it is suggested that the Pharmaceutical industry may initiate suitable reward schemes for employees in tune with the extent of cordial relationship they maintain with the customers.

As such, suitable financial and non-financial incentive schemes may be introduced towards the contribution of the employee in acquiring new customers, maintaining relationship with existing customers, prevention of customer defection.

In the process, pharmacy may often benchmark their employee's performance against world class Pharmaceutical service providers.

- Drawing Attention of Competitor's Customers

The customer base of a Pharma is expected to increase constantly and consistently. On this account, the attention of customers doing business with competing pharma has to be drawn, of course by adopting ethical practices.

On this purpose it is suggested that pharma have to come out with refining the core value and augmented value of the products and services.

Differentiation strategies and Brand building exercises should be timely carried out to have a competitive advantage in the growing business scenario.

Table 5: The name given to all the seven factors depending on the variables grouped together in factor analysis

Factors	Name given to the Factor	Factor Statement	Factor / Loading
I	Personal behavior	Trust worthiness	.530
		Personal touch	.432
		Past experience	.635
		Attentiveness	.669
		Assurance	.762
		Reliability	.620
		Responsiveness	.543
		Preferential	.346
II	Feature	Simplicity of operation	.133
		Convenient hours	.422
		Attractive product	.453
		Rate	.577
		Credit facilities	.721
III	Promotional activities	Treatment	.568
		Advertisement	.544
		Courtesy	.707
		Flexible approach	.762
IV	Operational effectiveness	Computerized services	.484
		Speed of operation	.794
		Responsiveness of staff	.613
		Flexible working hours	.539
V	Customer confrontation	Flexible working time	.728
		Handling grievances	.493
		Convenient location	.572
VI	External service quality	Technical facilities	.604
		Ambience	.692
		company image	.497
VII	accessibility	Privacy	.515
		facilities	.685
		Number of branches	.576

Source: Computed Table using SPSS

ANOVA Test

Effect of Customer's Employment Status on Service Quality Perception Level

Null Hypothesis (Ho): There is no significant relationship between employment status of customer and the service quality perception level of the customer.

Alternative Hypothesis (H1): There is significant relationship between employment status of customer and the service quality perception level of the customer.

The above mentioned hypothesis have been tested by using Analysis of Variance (ANOVA).The result are as follows:

Table 6: Homogeneous subsets

Variable	Group	N	Subset for alpha = 0.05	
			1	2
Personal behaviour	5	44	20.20	
	3	134	20.98	20.98
	4	88	21.04	21.04
	2	79	21.20	21.20
	1	69	21.21	21.21
	6	37		22.00
Operational effectiveness	6	36	16.28	
	5	44	16.84	16.84
	4	88	17.04	17.04
	2	79	17.25	17.25
	3	134	17.37	17.37
	1	70		17.77
Customer confortness	5	44	10.00	
	6	36	11.11	11.11
	4	88	11.33	11.33
	2	79		11.47
	3	134		11.63
	1	70		12.21
Service quality	5	44	11.25	
	2	79	11.58	11.58
	3	134	11.85	11.85
	4	88	11.93	11.93
	6	36	11.97	11.97
	1	70		12.62

$$df = (r - 1) \times (c - 1)$$

$$= (7 - 1) \times (6 - 1) = 6 \times 5 = 30$$

Level of significance = 0.05

Calculated Value = 12.62

Table Value = 4.39

The calculated value 12.62 is greater than the Table value 4.39. Hence, the null hypothesis is rejected.

Therefore, alternate hypothesis is accepted, so, there is significant relationship between employment status of customer and the service quality perception level of the customer.

CONCLUSION

The study brings to light the various aspects relating to service quality Perception in Pharmaceutical Industry. The variables identified are contributing towards quality perception of relationship. It will definitely help Pharma Company to evolve appropriate strategies towards Service quality. The study also found that there is a difference in the service quality perception of customers as regard to several aspects of relationship management. On this line of the study various suggestions towards service quality and the development of personnel involved in the services system.

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