

## Influence of Customer Quality Responsibility on Customer Acceptance and Assurance

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### ABSTRACT

This paper tries to examine the influence of customer quality responsibility on customer acceptance. Data has been collected through structured questionnaires of three different sectors (manufacturing, services and agriculture). Descriptive and causal comparative research designs have been used to achieve the objectives and descriptive as well as multiple regression models to analyze the data. It is observed that, relationship with the community is the major area of customer quality responsibility and to promote a quality image is the main reason that drives the company to adopt Customer Quality Responsibility (CQR) practices. It is also deduced that all independent variables have a positive and significant relationship with customer quality acceptance.

**Keywords:** Customer quality acceptance and assurance (CQAA), Customer Quality Responsibility (CQR), customer-centric quality acceptance.

### Introduction

For the last few decades, customer acceptance has been a vital research topic. Earlier research has shown that customer quality acceptance is linked to different predictors. Among them, the issue of Customer Quality Acceptance and Assurance (CQAA) is an important factor that affects customer acceptance.

Quality assurance means developing operational controls to ensure that the results match the desired outcomes. Customer service operations are designed to keep customers satisfied while protecting the organization. To make sure customer service achieves these goals in your small business, the person responsible for quality assurance must define the quality functions as they apply to how your service serves your customer. Once such definitions are in place, you can define the resources required to fulfill the defined mandate and ensure your customers experience a quality service.

Quality must be competitive, however, and frequently better than that. All of the retention strategies we describe here are built on the assumption of competitive quality being offered. It does no good to design relationship strategies for inferior services (Awale, 2017). Different researches show that awareness of Customer Quality Responsibility (CQR) policies and practices has a positive impact on customers' evaluations of product attributes and

attitudes toward the organization. Similarly, CQR practices positively influence the organization's Customer Quality Reputation and Customer Loyalty.

CQR has a positive effect on customer acceptance. And many writers stated that CQR activities have a strong and positive impact on customer acceptance and loyalty. Because of the Gaps objectives are not fulfilled. Due to the gaps, companies fail. Service marketing can be learnt in the way how gaps in services are fulfilled by the company. In "*A Conceptual Model of Service Quality and Its Implications for Future Research*," the Journal of Marketing (1985), Parasuraman et al. identify five major gaps (including one customer gap) that face organizations seeking to meet customers' expectations of the consumer experience. The Gap model is a very famous concept in recent service marketing (Parasuraman, 1985). Many companies have been spending millions and billions of dollars on CQR activities in order to build a stronger relationship with their stakeholders, especially customers.

One of the most significant contributions in the field of service quality is by Parasuram et al. (1998), which is one of the most popular scales to measure service quality. Service quality has been described by Parasuraman et al. (1985, 1991, 1998, and later on) that companies need to use technology for gathering data for customer demand and improve service quality if they want to be competitive (Parasuraman, 1985).



It is examined that cause-related marketing is less effective than volunteerism. It is observed that philanthropic responsibility is the most influential factor, followed by legal responsibility and then economic and ethical responsibilities.

Additionally, Wu and Lin (2014) revealed that economic and ethical factors have a positive and significant relationship with brand trust and brand satisfaction (Economic and ethical matters). According to Ho. W (2000), satisfaction refers to a feeling or a short-term attitude that can change owing to various circumstances. It exists in the user's mind and is unlike observable behaviors like product choice, complaint or repurchase.

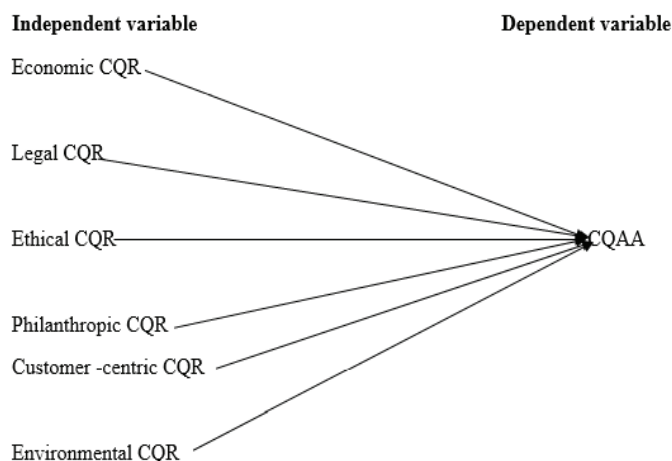
Further, it was observed that a positive effect of legal and economic CQR on customer loyalty and a partial mediating effect of customer satisfaction between CQR and customer loyalty. Customers give more attention to pricing strategy than to CQR activities.

Nowadays, CQR is becoming popular in Nepal. Nepalese companies have started considering giving back to foster their image. CQR activities should be developed which could be practiced with other service sectors, manufacturing and at an international level, Similarly, Nepalese managers consider philanthropy, for example, donations, and timely charitable activities, as the means of CQR. Moreover, research has been done concerning the effect of CQR on customer satisfaction in the Western case, however, limited research has been conducted in the case of Nepal. Hence, this study is an additional effort to explain the context and text of CQR in Nepal.

### Conceptual Framework

The conceptualization of CQR is based on the theoretical framework where four dimensions (Economic CQR, Legal CQR, Ethical CQR, Philanthropic CQR) have been proposed. However, two more dimensions were then added to the framework and these are customer-centric CQR and environmental CQR. In this conceptual framework, CQAA is a function of six CQR elements, namely economic CQR, legal CQR, ethical CQR, philanthropic CQR, customer-centric CQR, and environmental CQR.

How these six elements of CQR affect CQAA is examined in this research article. The conceptual framework of this study is exemplified below, showing the relationship of CQAA with every CQR element to know which elements have a high impact on CQAA in the Nepalese enterprise context.



**Figure 1.** Schematic Diagram of the influence of CQR practices on Nepalese enterprises

### Research Hypothesis

This study sets the following alternative hypotheses:

- H1: There is a significant positive relationship between legal CQR and CQAA.
- H2: There is a significant positive relationship between economic CQR and CQAA.
- H3: There is a significant positive relationship between ethical CQR and CQAA
- H4: There is a significant positive relationship between philanthropic CQR and CQAA
- H5: There is a significant positive relationship between customer-centric CQR and CQAA
- H6: There is a significant positive relationship between environment CQR and CQAA

### Methodology

A descriptive research design was used to accumulate the facts to involve the systematic collection and presentation of data, and giving a clear picture of the basic issues associated with the various CQR dimensions affecting CQAA. Causal comparative research design was also used to determine the results of the differences that already existed between the variables and the relationship between the dependent variable (CQAA) and independent variables (economic CQR, legal CQR, ethical CQR, philanthropic CQR, customer-centric CQR, and environmental CQR).

environmental CQR. A structured questionnaire was developed and distributed to 450 respondents but only 365 usable responses of different six sectors (banking, manufacturing, insurance, telecommunication, internet providers, and hotels) were used to obtain respondent related information through tick mark questions, ranking questions and five point Likert scale questions (1 strongly agree to 5 strongly disagree). The relationship between dependent and independent variables was analyzed through an econometric model. The model was:

### Model

$$CQAA = \alpha + \beta_1 ECO + \beta_2 LE + \beta_3 ETH + \beta_4 PH + \beta_5 CC + \beta_6 EN + e$$

Where,

CQAA = Customer Quality Acceptance and Assurance, ECO = Economic CQR, LE = Legal CQR, ETH = Ethical CQR, PH = Philanthropic CQR, Customer-centric CQR, EN = Environmental CQR,  $\alpha$  = Intercept,  $e$  = error term, and  $\beta_1$  to  $\beta_6$  are the beta coefficients of the explanatory variables to be estimated.

### Data Analysis

#### Responses related to ranking questions

##### *Areas of customer quality responsibility (CQR)*

Respondents were requested to rank the areas of quality responsibility to be focused on more by Nepalese enterprises. It showed a relationship with community in the first rank, with a mean score of 2.51, followed by relationship with clients and suppliers with a mean score of 2.92, and environmental protection was placed in the 3rd rank with a mean score of 2.99. Similarly, policy towards employees and governance and dialogue with the stakeholders occupied the fourth and the fifth ranks with a mean score of 3.11 and 3.49, respectively.

##### *Reasons that move the company to adopt CQR practices*

Regarding the reasons that move the company to adopt CQR practices as per its importance, most of the respondents placed 'to promote customer image' in the first rank with a mean score of 2.53, followed by 'commercial advantages to new market' with a mean score of 2.95. Similarly, 'benefit in relationship

with finance institutions and community' was placed third with a mean score of 3.37, whereas 'increase of efficiency' with a mean score of 3.79 occupied fourth rank.' Pressure from consumer association and media, with a mean of 4.11 and 'greater employee satisfaction' with a mean score of 4.51 were, respectively, the last two in the rank.

##### *CQR practices play a major role in customer quality*

While asking respondents about the different dimensions of CQR practices that played a major role in CQAA, most of them ranked customer-centric CQR first with a mean square of 2.63 and ethical CQR second with a mean score of 2.98. The mean score for environmental CQR was placed third with a mean score of 3.23. Similarly, economic CQR with a mean score of 3.64 and legal CQR with a mean square of 4.03 were ranked fourth and fifth. Likewise, philanthropic CQR, with a mean score of 4.72, was given the least priority and ranked sixth.

### Descriptive statistics

Mean value of the economic CQR ranged from a minimum value of 1.61 to a maximum value of 2.04 and the weighted average was 1.82, proving that economic CQR practices have been executed properly and Nepalese enterprises are more focused on increasing their customer quality acceptance and assurances (CQAA) level through enhancing the economic CQR practices. Similarly, the mean value of legal CQR ranged from minimum value of 2.11 to a maximum value of 2.50, and the weighted average was 2.31, which states that the legal CQR practices has been executed properly and enterprises are more focused on increasing their Customer Quality Acceptance and Assurance (CQAA) level through enhancing it. Likewise, mean value of ethical CQR practices ranged from minimum value of 2.22 to maximum value of 2.52 and weighted average was 2.37 percent which indicates that the ethical CQR practices has been executed properly and enterprises are more focused on increasing their level of customer Quality Assurance and Acceptance (CQAA) through enhancing the ethical CQR practices.

Further, the mean value of the philanthropic CQR practices ranged from a minimum value of 2.49 to a maximum value of 2.69 and the weighted average was 2.58, which shows it has been executed properly



and enterprises are more focused on increasing their CQAA level through enhancing the philanthropic CQR practices. Likewise, the mean value of the customer-centric CQR practices ranges from 2.23 to a maximum value of 2.58 and the weighted average was 2.45 reveals that the customer-centric CQR practices have been executed properly and enterprises are more focused on increasing their CQAA level through enhancing the customer-centric CQR practices. Additionally, the mean value of 2.61 to the maximum value of 3.31 and the weighted average was 2.97, which states the environmental CQR practices have been executed properly and are

focused on increasing their CQAA level through enhancing the environmental CQR practices.

Moreover, the mean value of the CQAA ranged from a minimum value of 2.41 to a maximum value of 2.63, and the weighted average was 2.53, which indicates the CQAA plays an important role for Nepalese enterprises and they must focus on CQR practices.

**Table 1:** Pearson's Correlation matrix

	Mean value	S.D	ECO	LE	ETH	PH	CC	EN	CS
ECO	1.82	0.59167	1						
LE	2.31	0.863317	0.408	1					
ETH	2.37	0.80312	0.291	0.531	1				
0.PH	2.58	0.88103	0.109	0.332	0.221	1			
CC	2.45	0.94121	0.342	0.381	0.611	0.222	1		
EN	2.97	0.96115	0.110	0.390	0.438	0.578	0.378	1	
CS	2.53	0.77302	0.309	0.562	0.649	0.294	0.619	0.441	1

**Table 2:** Regression Results

Model	Constant	Regression ECO	Coefficient LE	Of ETH	PH	CC	EN	Adj. R2	SE	F
1.	1.79 (7.66)***	0.411 (3.252)***						.098	0.815	11.432
2.	1.401 (7.682)***		0.499 (6.669)***					.287	0.645	45.367
3.	1.03 (5.611)***			0.638 (8.541)***				.398	0.605	73.517
4.	1.877 (7.959)***				0.257 (2.981)**			.078	0.741	9.345
5.	1.338 (8.031)***					0.504 (7.738)***		0.412	0.709	60.311



6.	1.496 (6.677)***						0.363 (4.901)***	0.243	0.716	23.879
7.	1.248 (5.438)***	0.132 (1.122)	0.461 (5.648)***					0.298	0.703	23.315
8.	0.812 (3.571)***	0.177 (1.732)		0.603 (7.775)***				0.511	0.604	39.831
9.	1.287 (4.301)***	0.38 (3.028)***			0.232 (2.748)***			0.202	0.695	9.387
10.	1.152 (5.26)***	0.152 (1.357)				0.471 (6.832)***		0.402	0.588	31.103

Notes:

- Figures in parentheses are t-values.
- \*\*\* denotes that the results are significant at the 1 percent level of significance.
- \*\* denotes that the results are significant at the 5 percent level of significance.
- CQAA as a dependent variable.

The results in Table 1 show CQAA positively correlated with all independent variables, which indicates that if Nepalese enterprises adopt the CQR practices, the level of CQAA can be increased.

The Table 2 presents the regression results using the regression model:  $CS = a + \beta_1 ECO + \beta_2 LE + \beta_3 ETH + \beta_4 PH + \beta_5 CC + \beta_6 EN + \epsilon$ , where, Customer Quality Acceptance and Assurance (CQAA), ECO=Economic CQR, LE = Legal CQR, ETH = Ethical CQR, PH = Philanthropic CQR, CC = Customer-centric CQR, EN = Environment CQR, a = Intercept,  $\epsilon$  = error term, and  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ , and  $\beta_6$  are the beta coefficients of the exploratory variables to be estimated. The reported results also include the values of F-statistics (F), Adjusted R-squared and standard error of estimate (SEE).

Table 2 reveals that the beta coefficient for economic CQR practices is positive, with CQAA indicating that the higher the economic CQR practices, the higher the CQAA. The study also supports that the beta coefficient for legal CQR practices is positive and significant for CQAA. Similarly, it is observed that the beta coefficient for ethical CQR practices is positive and significant with the CQAA, which shows higher the ethical CQR practices, the higher

the CQAA level. Likewise, the beta coefficient for philanthropic CQR practices is positive and significant, with CQAA proving that the higher the philanthropic CQR practices higher the CQAA level. Further, positive and significant beta coefficient for customer-centric CQR practices and environmental CQR practices with CQAA reveals that the higher the customer-centric CQR and environmental CQR, the higher the CQAA.

Based on the results shown in Table 2, economic CQR, legal CQR, ethical CQR, philanthropic CQR, customer-centric CQR and environmental CQR have significant and positive relation with CQAA, which supports H1 (legal CQR is positively related with CQAA), H2 (economic CQR is positively is related with customer with customer satisfaction (CIAA)), H3 (ethical CQR is positively related with CQAA), H4 (Philanthropic CQR is positively related with CQAA), H5 (Customer-centric CQR is positively related with CQAA) and H6 (Environmental CQR is positively related with CQAA).

## Conclusion

It is observed that the relationship with the community and the relationship with clients and suppliers are the major areas of social responsibility, whereas promoting corporate image is the main driver behind the company to adopt CQR practices. Similarly, customer-centric CQR practices play a major role in CQAA. It is also concluded that the economic CQR, legal CQR, ethical CQR, philanthropic CQR, customer-centric CQR and environmental CQR have a positive and significant relationship with CQAA in Nepalese enterprises.



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