SERVICE QUALITY CONCEPT AND MEASUREMENT IN THE BUSINESS CONSULTING MARKET

KONCEPT I MJERENJE KVALITETE USLUGE NA TRŽIŠTU POSLOVNOG SAVJETOVAanja

Dragan Benazić, Ph. D.
Senior Teaching and Research Assistant, Marketing Department
Department of Economics and Tourism „Dr. Mijo Mirković“ „Juraj Dobrila“ University of Pula
Preradovićeva 1/1, 52100 Pula, CROATIA
Phone: ++385 52 377 052
Fax: ++385 52 377 013
E-mail: dbenazic@efpu.hr

Professor Đurđana Ozretić Došen, Ph. D.
Professor, Marketing Department
Faculty of Economics & Business, University of Zagreb
J.F. Kennedy Square 6, 10000 Zagreb, CROATIA
Phone: ++385 1 238 3302
E-mail: dozretic@efzg.hr

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SAŽETAK

Kvaliteta usluge ključni je čimbenik konkurencijske sposobnosti pružatelja usluga poslovnog savjetovanja. Naime, njome se jača imidž, stvaraju reference, uspostavljaju dugoročni poslovni odnosi i smanjuje percipirani rizik za korisnika. Postojeći modeli kvalitete usluge nisu prikladni za primjenu na tržištu poslovnog savjetovanja zbog razlika u obilježjima poslovnih usluga i specifičnosti u ponašanju poslovnih korisnika. Usluge poslovnog savjetovanja izrazito su nepipljive, kompleksne za prosudbu, a u njihovu pružanju i korištenju uglavnom sudjeluje veći broj osoba. Realiziraju se u obliku projekta s viso-

ABSTRACT

Service quality is a key factor of the competitive capability of business consulting services providers – it helps strengthen the image, create references, establish long-term business relationships and reduce the perceived risk to the customer of such services. The existing service quality models are not suitable for application to the business-to-business (B2B) market due to differences in service characteristics and specific behavior of B2B customers. Business consulting services are highly intangible and complex to evaluate, with a large number of people involved generally both in their provision and use.
kim stupnjem interakcije između pružatelja i korisnika koji se razlikuju po svojoj sposobnosti za integraciju u proces pružanja usluge. Neophodno je prilagoditi ih specifičnim potrebama korisnika, a rezultati pružene/ih usluge/a mogu nastupiti nakon duljeg vremena od završetka projekta savjetovanja. Zbog toga jedinstveni, općeprihvaćeni model koncipiranja i mjerenja kvalitete za poslovne usluge, poput usluga poslovnog savjetovanja, ne postoji. Polazeći od postojećih teorijskih spoznaja, u radu se utvrđuje prikladnost Donabedianova modela kvalitete usluge za poslovne usluge poslovnog savjetovanja. Na temelju rezultata empirijskog istraživanja provedenog na uzorku od 110 menadžera poduzeća korisnika, utvrđeno je da je percipirana kvaliteta usluge poslovnog savjetovanja višedimenzionalan konstrukt višeg reda, a korisnici ju percipiraju putem dimenzija potencijala, procesa i rezultata usluge. Time je potvrđena polazna hipoteza rada. Rezultati istraživanja osnove su za iznesene preporuke za marketinški menadžment pružatelja usluga poslovnog savjetovanja kao i za prijedloge za buduća istraživanja.

Typically, they are implemented in the form of a project, characterized by a high degree of interaction between service providers and customers, who differ by their ability to be integrated in their service provision process. It is essential to adapt these services to specific customer needs, and the outcome of service provision may sometimes only be apparent a while after the consulting project has been completed. Therefore, there is no single, generally accepted model of conceptualizing and measuring the quality of B2B services such as business consulting services. Building from existing theoretical notions, the paper determines the suitability of Donabedian’s service quality model for conceptualizing and measuring the perceived quality of business consulting services. Based on the results of the empirical research conducted on a sample of 110 managers of the companies which use them, the perceived quality of business consulting services was found to be a multidimensional construct of a higher order which is perceived by customers through such dimensions as service potential, process and results. Thus, the preliminary hypothesis of the paper was confirmed. Research results provide the basis for recommendations to be presented for use by the marketing management of consulting services providers as well as serving as suggestions for future research.
1. INTRODUCTION

Due to increasing customer expectations and the intensity of competition in recent years, service quality has become one of the key factors of service company success. High service quality affects to a large extent the profitability and market share of such companies, nurturing satisfaction, loyalty and a long-term relationship with the customer while also improving the profile of its offering and creating a positive service image. The importance of service quality is particularly pronounced in the B2B market, specifically in the provision/use of B2B services such as business consulting services.

Business consulting services are professional services provided by qualified consultants, and used by senior management and management boards of companies in solving various business problems. They are based on a transfer of know-how and information and as such are highly intangible, with the customer perceiving a high degree of risk involved in the selection of service providers and service use. Therefore, a positive image of the bidder, prior experience, references and established long-term business relationships are very important in deciding on the choice of the provider of business consulting services. These factors which affect the selection of providers of business consulting services cannot be achieved by providers without continually providing a high quality service to meet or even exceed customer expectations.

For the purpose of appropriate and efficient management of the quality of business consulting services, we need to define the very construct of the business consulting service quality and set the dimensions on which it is perceived and evaluated by B2B customers. Previous studies of service quality focused mostly on business-to-customer (B2C) services, and to a lesser extent on professional B2B services. Based on the results of research conducted in this field, a number of service quality models have been developed, including a widely accepted and often used SERVQUAL service quality model.

Although the SERVQUAL model has been applied to conceptualizing and measuring the quality of consulting services in the B2B market too, certain authors have pointed to its inappropriateness to B2B services, with some of them proposing alternative models to be used in the measurement of B2B service quality, such as INDSERV and B2B SERVQUAL model. There is as yet no generally accepted, single model of B2B service quality measurement. Reasons for it stem from the basic marketing characteristics of B2B services, as very specific subjects of the exchange, and differences in the behavior of as well as the perception by B2B as against B2C service customers. Their specific characteristics need to be taken into account in defining and determining the business consulting service quality.

Therefore, further on the paper addresses the particularities of these services and B2B customer behavior, and provides a critical analysis of existing research of the B2B service quality. Subsequently, based on theoretical knowledge and taking into account previously mentioned arguments that support the model selection, it examines the suitability of Donabedian's service quality model to conceptualizing the quality of business consulting services on an intentional sample of 110 managers of Croatian B2B service customers.

It is not the intention of the paper to develop a new measurement scale of the business consulting service quality (due to limitations of empirical research); rather, it aims at presenting a proposal and creating the basis for defining the business consulting service quality. Finally, the paper presents the implications of the research for a marketing management consulting service provider and gives suggestions for future research of quality.
2. THEORETICAL UNDERSTANDING OF THE BUSINESS CONSULTING SERVICE QUALITY

Generally speaking, the quality of business consulting services may be understood as a form of attitude, representing the overall perception of the differences among various service characteristics perceived and expected by B2B customers. Such a definition of the concept of business consulting service quality does not differ substantially from the definition of B2C service quality. However, there may be differences among various dimensions of service quality perceived by B2B and B2C customers that stem from the very service characteristics and differences in customer behavior when selecting service providers and using their services.

Business consulting services are very complex for customers to evaluate; they are provided in the form of consulting projects, involving numerous interactions between business consultants and customers. A consulting project may include a number of customers who differ not only by the expectations from the provider and the services but also by their ability to be integrated in the service provision process. In addition, consultants may vary by their consulting style, expertise and competencies and by the manner in which they work with the service customer. Furthermore, the decision to use business consulting services is usually taken within the scope of a buying center where certain individuals have different roles, and thus also different influence on purchase decisions, service provider evaluation criteria, requirements with regard to the formulation of the service offering and other requirements of the service process and outcome. Also, business consulting services are specialized and often need to be tailored to the business customer whereas their results may become apparent even a long while after the service provision process has been completed. Finally, the behavior of business customers is for the most part rational; business consulting services are used to improve the company’s business performance, decision-making capabilities of its managers and management board and possibly to implement changes in the organizational culture, which may affect customer perception of the overall service quality and the importance paid to particular service quality dimensions. Therefore, service quality models such as SERVQUAL, which were developed primarily for measuring the quality of B2C services, display validity problems associated with insufficient differentiation and neglect of certain service quality dimensions, when applied to the measurement of the quality of B2B services. Due to such problems, different authors proposed alternative concepts of the approach to B2B service quality which may also be applied in part to business consulting services. Below are the results of research into the quality of B2B services to date.

One of the first concepts of B2B service quality was developed by Grönroos, who conceptualized service quality through the dimensions of functional and technical quality of service. The functional quality of service incorporates the aspects of the service provision method, that is the process and the interaction during service provision, while the technical quality covers the aspects of service outcome. Subsequently, under the proposed model, Grönroos identified six dimensions (professionalism and competence/skills, reliability and confidentiality, attitudes and behavior, accessibility and flexibility, error and reputation fixing and credibility) on which service quality should be conceptualized. However, the above model was not tested further empirically. Pursuing the work of Grönroos, Morgan proposed conceptualizing the quality of B2B services via two similar dimensions of service quality: the process quality dimension which includes the method of service provision through the interaction between providers and customers, and the dimension of result quality which includes the actually obtained service result, evaluated by its customers. On the other
hand, also without empirical testing, Szmigin proposed a concept of B2B service quality based on three dimensions: hard dimension of service quality, soft dimension of service quality and the dimension of service outcome. The hard dimension of service quality includes the characteristics of activities performed in the course of service provision while the soft dimension of service quality relates to the interaction between service providers and customers. The dimension of service outcome relates to the perceptions of the impact that hard and soft dimensions of service quality may have.

Looking into the difficulties of associating the efforts of service providers to the service outcome, Halinen examined the service quality solely through the dimension of the quality of service outcome. The author proposed that the quality of service outcome be delimited to the dimension of current service outcome, relating to the provider’s ability to address the customer’s problem and the dimension of final service quality, relating to the effectiveness of problem solving for business customers. Such a concept of service quality was not empirically tested by Halinen while the studies by other authors showed that customers were unable to distinguish between these two dimensions of the quality of service outcome. Based on the said concepts of B2B service quality, several authors proposed their own instruments for the measurement of service quality. Thus, Vandaele and Gemmel, building onto the exploratory research conducted by Westbrook and Peterson, proposed and tested the B2B SERVQUAL model with eight dimensions. While showing a certain degree of validity, the model failed to confirm the dimensions of previous exploratory studies, and the authors mentioned the problem of generalizing the model to fit all types of services offered in the B2B market. The model was tested on cleaning, maintenance, security and catering services. The B2B SERVQUAL model was not used by other authors in subsequent studies. Wo and Ennew developed and empirically tested their own B2B professional service model with six dimensions. The model examines the quality of service in terms of the process and quality of interaction while ignoring the service outcome/results. That model was tested on technical consulting services but the fact that no further testing was conducted on other B2B activities makes its generalization difficult. One of the major contributions to the development of B2B service quality models, based on the work by Szmigin and Bochove, was provided by Gounaris through the development of the INDSERV model of B2B service quality measurement. The INDSERV model is viewed hierarchically as a second-order model; it is defined through the dimensions of service potential quality, hard and soft dimensions of service quality and the dimension of the quality of service outcome. Even though the model was tested on a number of different services (consulting services related to the training and recruitment of managers, ship maintenance and corporate banking services) and demonstrated good psychometric properties compared to SERVQUAL, its author believes that the model should be tested in a different cultural-business environment as well as on other professional services, which focus on the knowledge transfer and display a high degree of interaction between customers and service providers.

By analyzing the contributions of different authors, one can conclude that there is no generally accepted, uniform B2B service quality model covering all the aspects of quality, and therefore no model which might be applicable directly to business consulting services. In addition, according to a review of previous studies, most authors observed the quality of B2B services through dimensions of the quality of service potential, process and results. This is actually the Donabedian general service quality model. It was the first recognized service quality model developed for the purposes of measuring the perceptions of medical services quality but was soon used as a basis for other quality models. The advantage of Donabedian’s model lies in its ability to be applied to any type of service; however, the need to define the attributes of various service quality dimensions, which requires additional research, represents its main shortcoming.
In this respect, the application of Donabedian’s model for the purpose of conceptualizing the quality of business consulting services is considered reasonable for several reasons. Firstly, the model rests on the fundamental definition and basic attributes of the service itself. More specifically, before its provision each service may be viewed as potential, and the customer can assess only some aspects of the service provider’s ability to solve problems. This dimension may be critical to the perception of the overall service quality precisely in the B2B market, that is among business customers, since professional B2B services are very complex and the customer may find it very difficult to assess the ability of the supplier. Furthermore, during provision, the service becomes a process consisting of a number of activities in which, typically, there is interaction between providers and users. Finally, after provision, services become a result or outcome of the service provision process. Secondly, some authors researching the marketing of business consulting services and services marketing in general examine service quality through the dimensions of service potential, process and result. Thirdly, the specifics of each activity performed by both service providers and customers in the B2B market hamper a uniform application of existing models for the measurement of B2B service quality. That is exactly why Donabedian’s general model emerged as a more appropriate choice for assessing the quality of business consulting services, provided that individual attributes of quality dimensions are properly defined.

In addition to the attempts at defining service quality and its dimensions, past research also aimed at determining whether the perception of service quality is to be viewed as a single-level or a multi-level model. Research results suggest that the perceived quality of services is a complex construct, consisting of several quality subdimensions. Therefore, the perceived service quality needs to be modeled as a higher-order hierarchical construct with two levels.

Proceeding from the above, and on the basis of previous research, the following hypothesis to be verified was formulated:

The quality of business consulting services is a higher (second)-order construct, which includes the dimensions of potential, process and results of service.

3. RESEARCH OF THE QUALITY OF BUSINESS CONSULTING SERVICES

3.1. Data collection methodology and survey sample

Secondary and primary data sources were used to prove the previously set hypothesis. Secondary data sources were used to define the theoretical construct of the quality of business consulting services and individual quality dimensions. For that purpose, three business consultants working for large and medium-sized consulting firms were also polled via e-mail. They were interviewed through open questions about the process of business consulting service provision, criteria used in the selection of business consultants and relevant service attributes that may affect the customer perception. The results obtained were used in the preparation of the main survey questionnaire.

Primary data was collected by using a structured survey questionnaire, previously tested on seven managers who are the end customers of business consulting services. The empirical research was conducted on a sample of Croatian company managers. The companies themselves were selected from Poslovna Hrvatska 2009 commercial database, published by the Institute for Business Research. A total of 2221 active ("d.d." or non-joint stock and "d.o.o." or private limited
liability) companies with 50 or more employees, 54 active (“d.d.” and “d.o.o.”) companies with 10-50 employees and more than 40 million kuna in revenues and 241 small businesses from the Croatian Agency for SME (HAMAG) database which had used business consulting services were included in the sample selection framework. These companies belonged to various industries. After determining the selection framework, companies were contacted via e-mail. In total, 151 companies belonging to the first two groups and 81 small businesses from the HAMAG database were contacted via e-mail. Respondents were managers at all levels of the selected companies and their employees who had had direct experience of the process of selection and use of business consulting services. In this sense, the final survey sample can be considered to a deliberate, convenient sample. The survey was conducted in the period between February and May 2010.

A total of 110 correctly filled out questionnaires returned, representing 6.9% of the total questionnaires sent. A note/statement by 53 companies (3.33% of total contacted companies) said they had not used business consulting services in the period from 2007 until and including 2009 while the managers of 13 (0.82%) companies declined participation in the survey on account of a lack of time.

The final survey sample consisted mostly of the managers of medium-sized and large enterprises (82.8%), the majority of which, according to data of the national financial agency FINA, were among the top 1000 companies by new value creation in 2009. The selected companies in the sample belonged to the manufacturing industry (41%), trade (12.7%), commercial banking and insurance (11.8%), hospitality (10.9%), i.e. the activities that generally use business consulting services the most. The surveyed managers were largely members of the top and medium-level management (73.7%) as the levels which have the greatest influence on the selection of the suppliers of business consulting services while also using such services the most.

3.2. Defining the theoretical construct of the business consulting service quality and data processing method

For the purpose of devising a measurement scale, the perceived quality of business consulting services was conceptualized according to Donabedian’s model, which defines quality through the dimensions of service potential, process and result. Since Donabedian’s model requires the quality of certain dimensions to be defined, secondary data and the results of polling some of the management consultants were used. The dimension of the quality of business consulting service potential incorporated such quality attributes that relate to the ability of service supplier to provide the service. The researched attributes of the quality of service potential included those of professional and social competences of consultants, consulting methodology, suitability of the equipment and presentation as well as networking aspects of the service.

The dimension of the service process quality refers to the attributes of all the activities performed in the course of service provision (from the initial analysis of the business problem to the implementation of the solution and control). The attributes used in the assessment of the services process quality included efficiency of the project organization, degree of service customer involvement, degree of cooperation between the customer and consultant during service provision, completeness and accuracy of the information provided, adherence to the agreed schedule and terms.

Finally, the dimension of service results involved the assessment of the degree to which the expected service results were actually achieved. Thus, the quality attributes of business consulting service results included usefulness of the results of such consultation, degree to which
**Table 1: Overview of attribute symbols, attributes and scales of the researched theoretical constructs**

<table>
<thead>
<tr>
<th>SYMBOL</th>
<th>VARIABLE/ATTRIBUTE/STATEMENT</th>
<th>SCALE</th>
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<tbody>
<tr>
<td></td>
<td><strong>Business consulting service quality</strong></td>
<td></td>
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<tr>
<td></td>
<td><strong>Service potential quality dimension</strong></td>
<td></td>
</tr>
<tr>
<td>QUALPOT1</td>
<td>- technological modernity and suitability of equipment and methodology used to solve business problems</td>
<td>1 – very low, 7 – very high</td>
</tr>
<tr>
<td>QUALPOT2</td>
<td>- professional competence of consultants for the company’s business activity and environment</td>
<td></td>
</tr>
<tr>
<td>QUALPOT3</td>
<td>- professional competence and analytical skills of consultants in defining and finding solutions to business problems</td>
<td></td>
</tr>
<tr>
<td>QUALPOT4</td>
<td>- professional competence of consultants for the implementation of planned methods to solve business problems</td>
<td></td>
</tr>
<tr>
<td>QUALPOT5</td>
<td>- written and oral communication ability of business consultants</td>
<td></td>
</tr>
<tr>
<td>QUALPOT6</td>
<td>- teamwork capability of business consultants</td>
<td></td>
</tr>
<tr>
<td>QUALPOT7</td>
<td>- broader knowledge of business consultants and ability to apply it to the company’s existing business problems</td>
<td></td>
</tr>
<tr>
<td>QUALPOT8</td>
<td>- availability and reliability of business consultants’ information sources and business partner network</td>
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<tr>
<td></td>
<td><strong>Service process quality dimension</strong></td>
<td></td>
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<tr>
<td>QUALPROC1</td>
<td>- clarity, detail and thoroughness in defining the tasks and activities of all consulting project participants</td>
<td></td>
</tr>
<tr>
<td>QUALPROC2</td>
<td>- timeliness and effectiveness in solving the problems arising during consultation</td>
<td></td>
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<tr>
<td>QUALPROC3</td>
<td>- consultants’ flexibility and appreciation of the expertise and skills of service customers</td>
<td></td>
</tr>
<tr>
<td>QUALPROC4</td>
<td>- adherence to the planned schedule and consulting project costs</td>
<td></td>
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<tr>
<td>QUALPROC5</td>
<td>- encouraging active involvement of service customers in the project and business problem solving by consultants</td>
<td></td>
</tr>
<tr>
<td>QUALPROC6</td>
<td>- adherence by consultants to planned activities</td>
<td></td>
</tr>
<tr>
<td>QUALPROC7</td>
<td>- timeliness of consultants’ response to service customer demands</td>
<td></td>
</tr>
<tr>
<td>QUALPROC8</td>
<td>- accuracy and completeness of defining all aspects of the company’s business problem, consulting goals and problem solution by consultants</td>
<td></td>
</tr>
<tr>
<td>QUALPROC9</td>
<td>- timeliness, completeness and comprehensibility of information obtained from consultants</td>
<td></td>
</tr>
<tr>
<td>QUALPROC10</td>
<td>- suitability of the consulting process control system for error identification and elimination</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Service result quality dimension</strong></td>
<td></td>
</tr>
<tr>
<td>QUALRES1</td>
<td>- degree of implementation by consultants of proposed solutions to the business problem</td>
<td></td>
</tr>
<tr>
<td>QUALRES2</td>
<td>- degree of accomplishment of the objectives set in the consulting project</td>
<td></td>
</tr>
<tr>
<td>QUALRES3</td>
<td>- usefulness of knowledge and experience acquired by customers for the company’s future business</td>
<td></td>
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</tbody>
</table>

Source: authors
Qualitative and quantitative goals were achieved, assessment of the experience acquired, acceptability of the consulting solution and degree of performance indicators achieved.40

In addition to determining the dimensions and quality attributes of business consulting services, the role played by customer expectations should also be examined in defining service quality. Generally, literature presents numerous debates on whether the perceived quality should be defined as the gap between the perceived service and expectations (SERVQUAL model) or solely through perception (SERVPERF41 model). Since the measurement of service quality as the gap between perceptions and expectations was subject to criticism,42 with other studies also pointing to a greater prognostic value of perceptions in measuring quality, the empirical research measured nothing but perceptions. Measuring the service perception only is also considered to be justified because it reduces the burden on the respondents, which is very important in view of the fact that they are business people.

The final measurement scale of the perceived quality of business consulting services consisted of 21 statements. The dimension of the quality of service potential was measured via 8 indicators, the dimension of process quality via 10 and the dimension of result quality via 3 indicators. A numerical scale with seven intervals (1-very low, 7-very high) was used to measure the perception of individual quality dimensions. Table 1 presents an overview of the statements used in the empirical research of the business consulting service quality.

To obtain more precise answers, managers were asked to evaluate the quality of business consulting services their company had invested most in over the past two years, where the evaluated services were those of the provider with whom they implemented most projects in that period.

3.3. Testing unidimensionality, convergent and discriminant validity of the model

Exploratory and confirmatory factor analyses were used in data processing, with the structural equation analysis applied to prove the hypothesis. Before conducting confirmatory factor analysis, the model was tested for univariate and multivariate outliers, univariate and multivariate normal distribution of variables and Cronbach alpha coefficients were calculated.

The exploratory factor analysis was conducted to confirm the proposed structure of theoretical constructs. By using the exploratory factor analysis, variables were eliminated based on low factor loadings (<0.5), low communality of variables (<0.5) and the existence of similar statistically significant loadings of certain variables on several factors. Justification for eliminating individual variables from a theoretical aspect was taken into account. Factor loadings were recalculated after the elimination of each variable.

In the initial exploratory analysis, three factors were extracted by the principal component method, using the Keiser Guttman rule and the Varimax rotation, to explain 65.95% of the overall variable variance. Based on the initial exploratory factor analysis, it was decided to exclude from further analysis the following variables: QUALPROC2, QUALPOT6, QUALPOT7, QUALPOT8, QUALPROC8 and QUALPROC10. The QUALPROC2 variable was dropped due to the absence of statistically significant loadings on any factor and <0.5 communality, and the remaining variables because of the significant loading on multiple factors, compromising the proposed factor structure.

The justification for the elimination of these variables can be found partly in the coverage of the
information content of these variables by other variables belonging to the same theoretical construct. Thus, for example, the QUALPROC7 variable (timeliness of consultants’ response to service customer demands) is similar in content to QUALPROC2 (timeliness and effectiveness in solving the problems arising during consultation); in other words, it measures a part of the same quality aspect of the business consulting service process. Similar conclusions can also be drawn for others, on the exclusion of the previously listed variables. The final result of the exploratory factor analysis is shown in Table 2.

Final exploratory factor analysis extracted a total of three factors that explain 69.91% of the total variance of all variables. Bartlett’s test of sphericity of the data to be used in the final factor analysis was statistically significant ($\chi^2 = 1010.88, p < 0.05$) while the KMO measure of sampling adequacy was 0.876 (> 0.5), hence factor analysis could be applied to the remaining set of variables. Table 2 shows that factor loadings of the variables referring to various dimensions of the business consulting service quality are statistically significant (>0.5) on the very corresponding factor or previously hypothesized dimension of

Table 2: Final exploratory factor analysis

<table>
<thead>
<tr>
<th>Factors</th>
<th>Communality</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>QUALPOT1</td>
<td>.561</td>
</tr>
<tr>
<td>QUALPOT2</td>
<td>.678</td>
</tr>
<tr>
<td>QUALPOT3</td>
<td>.817</td>
</tr>
<tr>
<td>QUALPOT4</td>
<td>.776</td>
</tr>
<tr>
<td>QUALPOT5</td>
<td>.710</td>
</tr>
<tr>
<td>QUALPROC1</td>
<td>.577</td>
</tr>
<tr>
<td>QUALPROC3</td>
<td>.646</td>
</tr>
<tr>
<td>QUALPROC4</td>
<td>.668</td>
</tr>
<tr>
<td>QUALPROC5</td>
<td>.639</td>
</tr>
<tr>
<td>QUALPROC6</td>
<td>.823</td>
</tr>
<tr>
<td>QUALPROC7</td>
<td>.762</td>
</tr>
<tr>
<td>QUALPROC9</td>
<td>.589</td>
</tr>
<tr>
<td>QUALRES1</td>
<td>.792</td>
</tr>
<tr>
<td>QUALRES2</td>
<td>.829</td>
</tr>
<tr>
<td>QUALRES3</td>
<td>.731</td>
</tr>
</tbody>
</table>

% of explained variance before rotation:
- 52.13
- 8.36
- 6.94

% of explained variance after rotation:
- 25.97
- 22.60
- 18.90

Total explained variance in%
- 67.47

Factor extraction method: principal component analysis, Kaiser – Guttman criterion was used for determining the number of extracted factors Rotation method: Varimax Source: authors’ calculation
service quality to which these variables originally belonged. Thus, factor 1 represents the dimension of process quality, factor 2 the dimension of potential quality and factor 3 the dimension of business consulting services result quality.

Following exploratory factor analysis, confirmatory factor analysis was performed to verify the psychometric characteristics of the measurement scales used, i.e. their unidimensionality, convergent and discriminant validity. Also, in order to determine the reliability of the measurement scales, the overall Cronbach alpha coefficients and coefficients after the elimination of certain variables were calculated. The Cronbach alpha coefficients for all measurement scales were higher than the recommended acceptability threshold of 0.8, and their values did not rise significantly by elimination of any particular variable. Therefore, given the Cronbach alpha criterion, all the used measurement scales can be considered reliable.

Before confirmatory factor analysis to check for unidimensionality, convergent and discriminant validity of the measurement scales, testing for the presence of univariate and multivariate outliers as well as univariate and multivariate normal distribution of individual variables was also conducted. Data analysis found no cases of standardized values for each quality variable being greater or smaller than 3 standard deviations. To check for the existence of multivariate outliers, Mahalanobis’ D² distances were calculated. Since there was no major difference between the first few Mahalanobis D² values, the observations were concluded to contain no multivariate outliers.

In testing the univariate normal distribution of individual variables, kurtosis and skewness indices were calculated while Mardia’s coefficient or multivariate kurtosis index was used to test the multivariate normal distribution of the set of variables. Skewness and kurtosis indices for all the variables and indicators were lower than 3, that is within acceptable limits; therefore, the collected data can be considered not to exhibit an unacceptable level of univariate normality. The multivariate kurtosis index or Mardia’s coefficient for the analyzed data was 75.61 (C.R=17.56; p<0.05), which was statistically significant and greater than the absolute limit of 5, so the assumption of multivariate normal distribution of variables could not be accepted. However, while departure from the assumption of multivariate normality in structural equation modeling (SEM) can lead to an overestimation of the model parameters, comparative studies of the parallel methods to estimate model parameters indicate that the conclusions about the statistical significance of individual parameters can be accepted.

The quality of the measurement model is determined below, with model parameters estimated according to the maximum likelihood method. The quality of the measurement model is expressed by the indices showing the model’s goodness of fit to empirical data. Selected goodness-of-fit indices were as follows: \( \chi^2/df = 1.54 \), GFI=0.88, AGFI=0.83, NFI=0.88, NNFI=0.96, CFI=0.96, RMSEA=0.065 and SRMR=0.054. According to the above data, the measurement model can be concluded to have an acceptable level of the goodness of fit to empirical data (\( \chi^2/df < 2.5 \); GFI, AGFI > 0.8, CFI, NNFI > 0.9; RMSEA, SRMR < 0.08). In addition, the accuracy of the model specification was tested based on the size of standardized factor loadings, standardized covariance residuals and modification indices. Since standardized factor loadings for all variables are greater than 0.5, with standardized covariance residuals under 2.58 and modification indices displaying no significant model improvement when some of the remaining variables are eliminated, it may be concluded that the measurement model is correctly specified.

Finally, Table 3 shows standardized factor loadings and corresponding critical values (C.R.) as well as the Composite Reliability (CR) indicator and the average variance extracted (AVE) indicator. Unidimensionality, reliability and convergent validity of the measurement scales is assessed on the basis of these indicators.
Table 3: Descriptive statistics and confirmatory factor analysis results

<table>
<thead>
<tr>
<th>Construct – latent variable, statements</th>
<th>X</th>
<th>δ</th>
<th>λ -Regression weights and (C.R.)</th>
<th>Standardized loadings</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS CONSULTING</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SERVICE QUALITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POTENTIAL</td>
<td>0.86</td>
<td>0.56</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPOT1</td>
<td>5.47</td>
<td>1.297</td>
<td>1.303* (6.430)</td>
<td>0.826</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPOT2</td>
<td>5.83</td>
<td>1.210</td>
<td>1.214* (6.600)</td>
<td>0.866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPOT3</td>
<td>5.67</td>
<td>1.076</td>
<td>1.281* (6.233)</td>
<td>0.785</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPOT4</td>
<td>5.56</td>
<td>1.253</td>
<td>1.059* (5.462)</td>
<td>0.646</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPOT5</td>
<td>5.64</td>
<td>1.139</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROCESS</td>
<td>0.89</td>
<td>0.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPROC1</td>
<td>5.7</td>
<td>1.138</td>
<td>1.138* (8.148)</td>
<td>0.798</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPROC3</td>
<td>5.6</td>
<td>1.182</td>
<td>0.910* (7.011)</td>
<td>0.690</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALPROC4</td>
<td>5.82</td>
<td>1.094</td>
<td>1.074* (7.327)</td>
<td>0.720</td>
<td></td>
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<tr>
<td>QUALPROC5</td>
<td>5.71</td>
<td>1.237</td>
<td>1.039* (7.719)</td>
<td>0.757</td>
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<tr>
<td>QUALPROC6</td>
<td>5.65</td>
<td>1.138</td>
<td>1.017* (7.171)</td>
<td>0.765</td>
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<td></td>
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<tr>
<td>QUALPROC7</td>
<td>5.73</td>
<td>1.196</td>
<td>1.000* (7.688)</td>
<td>0.752</td>
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<tr>
<td>QUALPROC9</td>
<td>5.59</td>
<td>1.103</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESULT</td>
<td>0.88</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALRES1</td>
<td>5.59</td>
<td>1.175</td>
<td>1.097* (12.498)</td>
<td>0.861</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALRES2</td>
<td>5.63</td>
<td>1.262</td>
<td>0.810* (10.108)</td>
<td>0.763</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.001
Source: authors’ calculation

The unidimensionality of measurement scales assumes that a set of variables (indicators) has only one dimension (construct) in common. To meet the criteria of unidimensionality, all regression weights must be statistically significant (C.R.>1.96), with standardized loadings greater than 0.5. Based on data in Table 3, it is evident that all regression weights are statistically significant and greater than 0.5, so it can be concluded that individual variables measure a single theoretical construct.

Convergent validity shows the degree to which the indicators of each construct converge or share common variances. An acceptable level of convergent validity exists if the standardized factor loadings are greater than 0.5 and if individual constructs explain on average more than 50% of the indicator variable variance (AVE>0.5 or 50%). According to data in Table 3, both criteria have been met, with the AVE indicator ranging from 0.56 to 0.72 and all standardized factor loadings greater than 0.5. This confirms the acceptable level of convergent validity of the theoretical constructs and measurement scales.

In addition, the CR indicator was calculated and shown in Table 3; similarly to the Cronbach alpha, it also measures the reliability of measurement scales. The said indicator further confirms the convergent validity of the measurement scales. The acceptable reliability level of measurement scales exists in cases where the CR indicator for individual measurement scales is greater than 0.7. With the CR indicator for all measurement scales greater than 0.8, the reliability and convergent
Discriminant validity indicates the extent to which a particular latent variable or construct may be distinguished from others. Discriminant validity is achieved if the AVE of individual constructs is greater than the squared correlation coefficients of such constructs. Specifically, each construct should explain more variance of its own variables (indicators) than it does the variance of other constructs. Table 4 shows a comparison of AVE indicators (in diagonal) and squared correlation coefficients among individual constructs.

<table>
<thead>
<tr>
<th></th>
<th>POTENTIAL</th>
<th>PROCESS</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>POTENTIAL</td>
<td>0.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROCESS</td>
<td>0.57</td>
<td>0.54</td>
<td></td>
</tr>
<tr>
<td>RESULT</td>
<td>0.46</td>
<td>0.58</td>
<td>0.72</td>
</tr>
</tbody>
</table>

Source: authors’ calculation

According to data provided in Table 4, the criterion that the AVE indicator should be greater than the coefficient of correlation between certain constructs was not fully met. For example, the AVE indicators for the quality dimension constructs of business consulting service potential and process are 0.56 and 0.54 respectively – below the squared coefficient of correlation between these two constructs, which is 0.57.

Nevertheless, since individual dimensions of service quality measure various aspects of a higher-order construct or quality of business consulting service, a certain level of intercorrelation among these constructs is to be expected. Therefore, an acceptable level of discriminant validity of the measurements scales can be assumed. Finally, based on the tests which have been performed, the measurement scales may be considered reliable and valid, enabling verification of the structural model.

3.4. Results of structural model verification

To verify the hypothesis which assumes that the perceived quality of business consulting services is a higher-order construct, including the dimensions of potential, process and results of the business consulting service, a second-order structural model was devised. Model testing included setting up structural relationships among certain constructs while limiting the factor loading of a single indicator variable per construct to 1 so to enable model identification. All individual indicator variables belonged to just one construct, allowing no correlation among the errors in estimates. Also, to enable identification of the model with higher-order constructs, the regression weight of the selected first-order construct (e.g. in service quality, the dimension of service potential quality) was limited to the value of 1.

Table 5: Results of structural model testing

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Regression weights and C.R.</th>
<th>λ - Standardized loadings (standardized regression weights)</th>
<th>Squared correlation multiples</th>
</tr>
</thead>
<tbody>
<tr>
<td>QUALITY ---&gt; POTENTIAL</td>
<td>1</td>
<td>0.827</td>
<td>0.669</td>
</tr>
<tr>
<td>QUALITY ---&gt; PROCESS</td>
<td>1.215* (5.007)</td>
<td>0.929</td>
<td>0.864</td>
</tr>
<tr>
<td>QUALITY ---&gt; RESULT</td>
<td>1.405* (5.425)</td>
<td>0.818</td>
<td>0.683</td>
</tr>
</tbody>
</table>

*p<0.001
Source: authors’ calculation
The quality of the structural model was verified by the indices showing the degree to which the structural model fits data. Since the number of estimated model parameters was the same as in the calculation of individual indices for the measurement model, the indices showing the structural model’s goodness of fit to empirical data were identical. Hence, the proposed second-order structural model of the consulting service quality may be concluded to display an acceptable level of robustness. Results of the structural equation analysis are shown in Table 5.

According to the results in Table 5, it is evident that the regression weights between the perceived quality of business consulting services as a higher-order construct and individual dimensions are statistically significant (CR > 1.96; p < 0.001) and positive. Thus, the proposed hypothesis was accepted. The perceived quality of business consulting services is a higher-order multidimensional construct, which includes the dimensions of service potential, process and results. In this sense, the use of Donabedian’s quality model for business consulting services has been proven. Implications for the managers of business consulting services providers and suggestions for future research are discussed below.

3.5. Implications for marketing management of business consulting services providers

According to research results, all the perceived dimensions of business consulting service quality are important so providers should invest continually in each quality dimension in order to create and strengthen positive perceptions of the quality of their own services. Managers may enhance positive perceptions of the service quality by implementing communication activities focused on it, and may do so these both before and during service provision, creating realistic customer expectations of the service itself.

In that sense, it is essential in the customer acquisition stage to identify and define the customer’s business problem clearly and thoroughly before setting realistic consulting goals. In doing so, the providers of business consulting services ought to learn about the customer’s potential for receiving business consulting services and adjust the process of service provision accordingly. Also, to ensure cooperation during the process of service provision, the customer needs to be informed about his role in that process. In view of the fact that customer expectations are formed and modified during the process, it is essential to monitor customer requests and respond to them promptly. To facilitate the knowledge transfer from business consultants to the customer, depending on the service, it might be necessary to actively involve the customer in the process of service provision.

The perceptions of service results may be strengthened by monitoring the implementation of proposed solutions and providing the solutions which may be applied in practice, rather than general, standard solutions to the customer’s problem. Finally, the providers of business consulting services need to continuously invest in and develop their potential and resources, particularly the professional competencies of business consultants for solving business problems and their social competences.

3.6. Future research of the quality of business consulting services

While this research has shown a possible application of Donabedian’s model of service quality to business consulting services, it would be useful to test the model by taking into account the consulting concept. The perception of service quality might vary depending on whether the customer uses business consulting services to implement specific analyses only or in the form of consulting projects, in which the business consultant can take on a role of expert trainer (through
coaching) or person who will help the customer in solving a business problem autonomously. Due in part to the small sample, the research failed to identify the said variations. Furthermore, it would be useful to determine whether the relevance of individual quality dimensions might vary depending on the business consulting service being predominantly standardized or innovative. In general, findings to date suggest that the perception of quality in case of standardized business consulting services is gaining strength.45

Also, future research should establish the prognostic value of the proposed model, that is its ability to explain customer behavior particularly in relation to customer satisfaction and loyalty. It might be especially important, given the importance of references and image of the providers of business consulting services for establishing a relationship with the customer, to determine the impact of individual dimensions of service quality on certain dimensions of loyalty, such as the intention to use such services again in the future and also to provide recommendations and spread positive information (word of mouth). Finally, future research should identify dynamic changes in the perceptions of service quality and its individual dimensions depending on the timing of the service use, customer experience and a lasting relationship with the customer.

3.7. Limitations

The obtained research results should be interpreted taking into account several research limitations which may affect the reliability and validity of results. The first limitation refers to the type and size of the sample used. The research used an intentional sample of Croatian company managers, that is a sample which is not based on the probability theory so the results obtained by it are to be considered indicative. A larger sample would have yielded more stable results when testing the hypothesis by applying the structural equation analysis.

Another limitation of the research relates to the representativeness of the sample which cannot be accurately determined in the absence of complete information on the primary set of business consulting services customers. Nevertheless, the representativeness of the research sample may be presupposed since the final sample included predominantly those companies and economic activities that used business consulting services the most.

The third limitations refers to the reliability of the responses received from managers as respondents; it depends on their knowledge of the subject of research which need not be thorough, particularly where large enterprises with a number of organizational units are concerned. The respondents polled/interviewed as part of the research were so-called key informers – managers at various organizational levels, or persons who were presumed to possess the necessary knowledge, who took part in decision-making when business consulting service providers were selected and who used their services. It was found that 80% of respondents had a medium or medium-high influence on the selection of service providers. Therefore, their statements may be considered sufficiently reliable for processing and interpretation.

Furthermore, the data collection method used could not control for a possible influence of external variables (such as the impact on company business of external environment factors) on respondents’ statements. For instance, in case of poor economic developments, enterprises generally reduce their investment in business consulting services and that fact might have affected customer perceptions. In this respect, some results should be interpreted with caution, taking possible effects of external factors of the respondent companies’ business into consideration as well.

Other limitations refer to the scales used for the measurement of service quality, satisfaction and loyalty. Specifically, these measurement scales include a certain number of characteristics that,
Despite pre-research, might not be complete or equal for all respondent groups, particularly taking into account the complexity of services they used and the concept of consulting service employed predominantly by service providers.

4. CONCLUSION

Service quality is an important factor of successful business to the providers of business consulting services as it fosters the creation of a positive image and references while also strengthening satisfaction and loyalty among customers. Therefore, to achieve an efficient service quality management, quality needs to be defined and measured accurately. All the studies to date have shown that the existing quality measurement models are not suitable for business services due to the very characteristics of services in a B2B market and differences in the behavior of B2B customers compared to B2C customers. The existing quality models used generally for B2B services displayed validity problems when applied to the measurement of the quality of business services in that they did not differentiate sufficiently or neglected certain dimensions of service quality. Specifically, the definition and measurement of the business consulting service quality is hampered by intangibility and complexity of the service the provision of which is, in principle, characterized by numerous and various interactions between customers and providers with disparate ability for integration in the service provision process. Also, as customer behavior in the process of deciding to use business consulting services is rational and result-oriented, the service should be customized while its benefits may occur a long while after the service provision process has been completed. Such service characteristics may affect customer perception, both the overall and individual dimensions of the quality of business consulting service, so it is necessary to develop specially adjusted service quality models.

An analysis of literature to date found that a considerable number of authors conceptualize B2B service quality on the basis of Donabedian’s service quality model. According to that model, perceived service quality is defined through the dimensions of service potential, process and results. The dimension of the quality of potential includes the provider’s capabilities for service provision while the process quality dimension refers to the characteristics of the activities performed during service provision and the result quality dimension relates to the degree of results achieved through consulting. A shortcoming of the model results from the need to define the attributes of particular service quality dimensions in considerable detail.

Research on the selected sample of companies determined the possibility to apply Donabedian’s model of service quality to business consulting services, as a very specific type of B2B services. It confirmed the perceived quality of business consulting services to be a higher-order multidimensional construct, which includes the dimensions of service potential, process and results. In that respect, the marketing management of business consulting services providers should invest in all three dimensions of service quality if it wishes to strengthen and create positive perceptions of service quality. On the other hand, future research should use larger samples to prove the prognostic function of the model and its suitability for explaining customer behavior, particularly as regards customer satisfaction and loyalty.
LITERATURE


References


26 Vandaele, D., Gemmel, P.: op. cit.


37 See Section 2 of the paper.


39 The attributes of the process dimension were determined based on the following sources: Hoffmann, M.: op. cit., pp. 176.


