

# The Effect of Service Quality of Legal Services on Customer Satisfaction

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## Abstract

*This study purposes to find a strategic plan for customer satisfaction in legal service, by examining structurally the influence service quality of legal service perceived by customer in the operation process of service on trust, perceived risk and behavioral intention. I tried to prove the causal relationship among variances through Structural Equation Model analysis after setting up a relation model among service quality of legal service and trust, and customer satisfaction based on the result of theoretical study. The results of the study are summarized as follows: The quality of legal service had influenced trust and perceived risk significantly. Second, the trust of legal service had influenced perceived risk significantly. Third, the perceived risk of legal service appeared to influence behavioral intention significantly.*

**Keywords:** *legal service, Service quality, Customer satisfaction*

## 1. Introduction

Recently, in a situation where they have to cope with the opening of the legal market externally and where the competition is being intensified due to the quantitative increase of legal service agencies internally, to actively cope with the changes in the internal and external environments, the entities of the legal services should try harder to increase the trust and satisfaction of the customers through the service differentiation from competitors. The core of this service differentiation strategy is closely related to the service equity and the service quality of legal service agencies for the customers. This study intends to identify the causal relationship between the service equity and service quality, which the customers perceive on the legal service agencies, and the behavioral intention of the customer and its structural relationship, comprehensively considering the relationship between trust and perceived risk, which are the parameters of the customer satisfaction.

## 2. Theoretical background

### 2.1. Quality of legal service

The widely supported definition among the definitions on the service quality is the definition by Parasuraman et al.(1988), who defined service quality as a consumer's judgment on the overall prominence or excellence of a specific service and as a different form from the

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attitude toward objective quality. The SERVQUAL model was most frequently used for measuring it in previous studies on the service quality and, among the studies using the SERVQUAL model for legal service measurement, there are studies of Eom(2012), but the research on this field is not enough yet. On this account, for the measurement of legal service quality, expanding the existing researches, five dimensions are utilized, which are composed of multi-item measures such as the tangibility, trust, responsiveness, confidence, empathy of the legal service, based on the SERVQUAL model of Parasuraman et al.(1988).

## **2.2. Customer satisfaction in legal service**

Customer satisfaction refers to the future behavior that the consumer anticipates or plans and can be said to be the possibility that the belief and attitude are changed into a behavior (Engel et al., 1998). Previous studies on customer satisfaction are divided into the view that sees the customer's purchase behavior as a positive behavioral intention, such as the positive word of mouth, the intention to repurchase, the intention to recommend, preference, and loyalty (Chang, 2006; Park Eun-kyung et al., 2010). Therefore, this study also intends to view customer satisfaction as the satisfaction or loyalty, which the customers feel during or after the use of legal services.

## **3. Research design**

### **3.1. Research hypothesis**

This study intends to establish the following research models and hypotheses to empirically identify the effect of the degree of the equity and service quality perceived by the customer on the customer behavior and the structural relationship that the equity forms between trust and perceived risk in the legal service activity in which evenhandedness is considered to be a very important premise.

Hypothesis 1: The quality of legal services will have a positive effect on trust.

Hypothesis 2: The quality of legal services will have a negative effect on perceived risk.

Hypothesis 3: The equity in legal services will have a positive effect on trust.

Hypothesis 4: The equity in legal services will have a negative effect on perceived risk.

Hypothesis 5: The trust in legal services will have a negative effect on perceived risk.

Hypothesis 6: The perceived risk in legal services will have a negative effect on the behavioral intention.

### **3.2. Measurement of variable**

#### **3.2.1. Quality of legal service**

This study defines the quality of the legal service as the degree of the incongruity between the expectation of the legal service consumer and the service perceived by the consumer, and the measurement of 28 questions, was progressed applying the scales, which were utilized by Jarvenppa(2000), etc. based on the SERVQUAL model of Parasuraman et al.(1988), to fit in the purpose of this study.

### 3.2.2. Trust and perceived risk in legal service

This study defined the trust in legal services as the 'confidence in the faith and sincerity of the legal service provider' and measured it with a total of five questions, applying the measurement tools, which were used by Huff & Kelley(2003), etc., to fit in this study. And in this study defined the perceived risk in legal services as 'the degree of the anxiety or risk felt by the legal service customer during the purchase process of the legal service and the process of being provided with it, and measured 14 items including monetary, physical, psychological and social risks, which were presented in the studies of Taylor & Baker(1994), applying them based on the legal service.

### 3.2.3. Customer satisfaction in legal service

This study defined customer satisfaction as the degree of the customer's satisfaction with the legal service and the will or faith to continue to use the service in the future, and measured a total of 13 items, which were presented in the previous studies (Engel et al., 1998; Lee Yoo-jae, 2000), including the customer's satisfaction, customer's loyalty, and the intention to reuse, based on the legal service.

### 3.3. Methods of collecting and analyzing data

This study performed the collection of the data necessary for the empirical analysis, limiting to the adults 30 years or more of age, who have experienced using judicial scriveners and legal services, in Busan and Gyeongnam areas. The questionnaire survey was conducted over about 6 months from December 2016 to May 2017 after reviewing related terms, service contents, etc. A total of 350 questionnaires were distributed and 267 copies of them were recovered, and 250 copies were utilized as the valid samples for the final analysis except for the questionnaires containing missing or inaccurate responses among them, and the statistical analysis was performed using SPSS and AMOS.

## 4. Empirical analysis

### 4.1. Characteristics of samples

The demographic characteristics of the samples are shown in [Table 1].

**Table 1. Characteristics of samples**

Classification	Item	Frequency	Ratio	Classification	Item	Frequency	Ratio
Gender	Male	142	56.8	Age	30s	57	22.8
	Female	108	43.2		40s	95	38.0
Academic Background	High school or below	51	20.4		50s or older	98	39.2
	Junior college	86	34.4	Occupation	Professional	42	16.8
	Bachelor	100	40.0		Office worker	71	30.4
	Master	13	5.2		Sales/Service	34	13.6
			Self-employment		76	30.4	
				Housewife	22	8.8	

As the result of the analysis, in gender, males accounted for 56.8% (142 persons), slightly more than females of 43.2% (108 persons) and so on.

### 4.2. Verification on validity and reliability of data

**4.2.1. Results of analyses on exploratory factors and reliability**

The reliability analysis and the exploratory factor analysis were carried out in order to verify the reliability and validity of the measurement tools used in this study. The results are shown in [Table 2] below.

**Table 2. Results of analysis on reliability and validity for measurement variables**

Classification		Measurement Item	Factor Load	Eigen value	Variance Explanatory Power	Classification		Measurement Item	Factor Load	Eigen value	Variance Explanatory Power	
Service Quality	Empathy	BE2	.758	14.655	56.366	Equity	Equity in Result	AA3	.809	8.900	55.624	
		BE3	.732					AA1	.795			
		BE4	.690					AA4	.749			
		BE7	.679					AA5	.738			
		BE5	.663					AA6	.718			
		BE1	.620									
	Responsiveness	BD2	.834	1.708	6.568	Equity	Equity in Interaction	AC2	.812	1.504	9.398	
		BD1	.740					AC1	.811			
		BD3	.719					AC3	.782			
		BD4	.672					AC5	.739			
		BD5	.545					AC4	.730			
	Tangibility	BA5	.801	1.226	4.715	Equity	Equity in Procedure	AB1	.834	1.124	7.022	
		BA4	.719					AB3	.749			
		BA3	.715					AB2	.707			
		BA6	.700					AB4	.646			
BA2		.658										
Trust	BB5	.744	1.103	4.243	Perceived Risk and Trust	Psychological and Social Risks	CB2	.818	7.937	49.604		
	BB4	.719					CB4	.817				
	BB2	.663					CB1	.816				
	BB6	.638					CB3	.812				
	BB3	.610					CB5	.806				
		CB6	.801									
Confidence	BC2	.761	1.012	3.537		Perceived Risk and Trust	Physical Risk	CD1	.887	1.886	11.791	
	BC3	.739						CD4	.869			
	BC4	.716						CD2	.819			
	BC1	.643						CD3	.814			
	BC5	.625										
Behavioral Intention	Customer's Satisfaction	DA1	.781	7.764		64.697	Perceived Risk and Trust	Trust	CA3	.851	1.560	9.747
		DA2	.814						CA2	.822		
		DA3	.762						CA1	.809		
		DA4	.780						CA5	.796		
		DA5	.829									
	Customer's Loyalty	DB1	.818	1.285	10.710	Perceived Risk and Trust	Monetary Risk	CC1	.850	1.265	7.909	
		DB2	.802					CC3	.822			
		DB3	.798									
		DB4	.831									
	Intention to Reuse	DC1	.868	1.030	8.585							
		DC2	.884									
		DC3	.867									

**4.2.2. Results of confirmatory factor analysis**

To analyze whether the measurement items that have been subjected to the exploratory factor analysis and the reliability verification well reflect the compositional concept of each factor, the confirmatory factor analysis was performed using AMOS. The final confirmation factor analysis results are shown in [Table 3].

**Table 3. Results of confirmatory factor analysis**

Concept Variable	Variable	Standard Load Value	S.E.	C.R.	Compound Reliability	AVE	Goodness-of-fit Index
Equity	Equity in Result	.815	.059	14.871	.841	.638	X <sup>2</sup> =136.911 (d.f.=103, p=.014)  RMR=.038 GFI=.944 AGFI=.917 NFI=.960 RFI=.947 IFI=.990 CFI=.991 RMSEA=.036
	Equity in Procedure	.886	-	-			
	Equity in Interaction	.802	.054	14.546			
Service Quality	Tangibility	.814	.074	12.720	.860	.554	
	Trust	.754	.074	11.870			
	Confidence	.639	.087	9.897			
	Responsiveness	.871	.119	10.790			
	Empathy	.912	-	-			
Trust/ Perceived Risk	Trust	.814	.074	12.720	.838	.567	
	Social/Psychological Risks	.754	.074	11.870			
	Financial Risk	.639	.087	9.897			
	Physical Risk	.821	-	-			
Behavioral Intention	Satisfaction	.847	.047	19.309	.829	.618	
	Loyalty	.935	-	-			
	Intention to Reuse	.806	.046	17.614			

\* Item whose initial value is set to 1.0

As the result of the analysis, although some of the measured values of the goodness-of-fit indexes of X<sup>2</sup>, GFI, AGFI, NFI, NNFI, CFI, RMR, etc., which indicate the goodness-of-fit of each factor, are below the standards, when viewing them comprehensively together with the other goodness-of-fit indexes, these factors were found to meet the recommended thresholds which verify the general fitness.

### 4.3. Verification of the research hypothesis

The results of the Structural Equation Model analysis to identify the structural relationships among the perceived equity factors, service quality, trust, perceived risk and customer satisfaction in legal services are shown in [Table 4].

**Table 4. Results of hypothesis tests**

Hypothesis/Path		Parameter Estimate	Standardization Coefficient	S.E.	C.R.	P	Adoption of Hypothesis
H1	Service Quality → (+) Trust	.563	.459	.222	2.537*	.011*	O
H2	Service Quality → (-) Perceived Risk	-.782	-.998	.172	-4.537**	.000*	O
H3	Equity → (+) Trust	1.155	.918	.235	4.909	.000***	O

H4	Equity	(-) Perceived Risk	.332	.346	.194	1.711	.087	X
H5	Trust	(-) Perceived Risk	-.227	-.384	.096	2.359	.018*	O
H6	Perceived Risk	(-) Customer Satisfaction	-1.536	-.967	.193	7.941	.000**	O
Goodness-of-fit Index		X <sup>2</sup> =74.49(d.f.=80, p=.653), RMR=.031, RMSEA=.000, GFI=.966, AGFI=.935, NFI=.976, RFI=.959, IFI=1.002, TLI=1.003, CFI=1.000						

\*\* p<.05, \*\*\* p<.01

First, as the result of verifying Hypothesis 1 that the legal service quality will have a positive effect on trust, since the standardized coefficient value was .459,  $t=2.537(p=.011)$  and this value was found to be statistically significant at the significant level .05. Hypothesis 1 was adopted. Second, as the result of verifying Hypothesis 2 that the legal service quality will have a negative effect on the perceived risk of the customer, since the standardized coefficient value was  $-.998$ ,  $t=-4.537(p=.000)$  and this value was found to be statistically significant at the significant level .01. Third, as the result of verifying Hypothesis 3 that the equity in legal services will have a positive effect on trust since the standard regression estimate of the path coefficient was .918,  $t=4.909(p=.000)$  and this value was found to be statistically significant at the significant level .01. Fourth, as the result of verifying Hypothesis 4 that the equity in legal services will have a negative effect on perceived risk since the standardized coefficient value was .446,  $t=1.711(p=.087)$  and this value was found not to be statistically significant at the significant level .05 and the path coefficient value was analyzed to have a positive value, Hypothesis 4 was rejected. Fifth, as the result of verifying Hypothesis 5 that the customer's trust in legal services will have a negative effect on perceived risk, since the standardized coefficient value was  $-.384$ ,  $t=2.359(p=.018)$  and this value was found to be statistically significant at the significant level .05. Sixth, as the result of verifying Hypothesis 6 that the perceived risk in legal services will have a negative effect on the behavioral intention since the standardized coefficient value is  $-.967$ ,  $t=-7.941(p=.000)$  and this value was found to be statistically significant at the significant level of .01, the hypothesis 6 was adopted.

## 5. Conclusion

By presupposing the equity and service quality as prerequisites in legal services to enhance the legal service customer's satisfaction and loyalty and to reinforce the intention to continue to use and by identifying the degree of the mediation of the direct causal relationship between the trust and perceived risk factors of the customer by these preceding factors and identifying the detailed effect relationships of these measurement variables, this study expanded the academic horizon for the research on legal service quality and, by practically identifying which factors, of the evenhandedness in legal services and the service quality factors perceived by the customer in the process of the actual customer service, have a more positive effect on the behavioral intention, this study can be said to be research putting more weight on reality and timeliness.

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