

A Study of Service Quality with Special Reference to Financial Sector

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ABSTRACT

In the growth of any country banking sector plays a vital role. There is a lot of difficulty and possible clash in public service environment due to its complexion. It is hard to measure the service quality in the service sector in comparison to the manufacturing sector. Every bank have a diversity of services. Due to this variation, the services in the industry are heterogeneous in nature. As the services cannot be seen it is very difficult to compare the services. The study initially explains the concept of service quality and further explains the service quality gaps. In this research, primary and secondary sources had been used for data collection. In the present study the responses of 100 respondents of **State Bank of Patiala, Ahmedgarh (Punjab)** are analyzed. The SERVQUAL scale is used to find out the gaps between customer expectations and customer perceptions with an aim to improve the quality of services.

1. Introduction

Late His Highness Bhopinder Singh established the **State Bank of Patiala** in the year 1917 which is the connected bank of the State Bank Group. The name of the first ever branch was Chowk Fort. At that time the bank was known as 'Patiala State bank' for improving trade, agriculture and industry as its main aim.

State Bank of Patiala was originated by Late His Highness Bhopinder Singh, with one branch to start with its first branch by the name of Chowk Fort, Patiala. At that time the bank was known as 'Patiala State bank' was state owned and setup for the explicit purpose of fostering growth of agriculture, trade and industry. As of now the State Bank of Patiala has a network of 1445 service outlets, with majority of its branches located in the Indian states of Punjab, Haryana, Himachal Pradesh, Rajasthan, Jammu and Kashmir, Uttar Pradesh, Madhya Pradesh, Delhi, Gujarat and Maharashtra.

Service quality (SQ) is a comparison of expectations (E) with performance (P) $SQ=P-E$.

It's very important in the modern era to maintain high level of service quality so that the customers feel satisfied. If the company provides greater service quality then it will help the company to attain better position in the competition.

A customer's expectation is effected by number of variables such as present needs and past experiences. In majority of the cases there is a service quality gap as the expectations exceeds the perception. In order to identify the service quality gaps in the services a 'GAP model' was developed in the year 1985 by Parasuraman, Zenithal and Berry.

In the SERVQUAL model was developed upon five parameters: tangibles, reliability, responsiveness, assurance and empathy. It is also known as RATER model. The SERVQUAL has 22 items allocated to five quality dimensions:

DIMENSIONS	ITEMS	ISSUES
Tangibles	4	Physical facilities, equipment and appearance of personnel.
Reliability	5	Ability to perform the promised service dependably and accurately.
Responsiveness	4	Willingness to help customers and provide prompt service.
Assurance	4	Including competence, courtesy, credibility and security.
Empathy	5	Including access, communication, understanding the customers.

Model of Service Quality Gaps

There are seven major gaps in the service quality concept.

- **Gap1: Customers' expectations versus management perceptions:** This gap arises due to lack of marketing activities, improper communication and too many personnel involved in management.
- **Gap2: Management perceptions versus service specifications:** as a result of not enough pledge to service quality, too little task consistency.
- **Gap3: Service specifications versus service delivery:** as a result of role doubt and conflict, deprived employee-job fit and pitiable technology-job fit, wrong supervisory control systems, be short of perceived control.
- **Gap4: Service delivery versus external communication:** as a result of insufficient horizontal communications and due to over-promise to the customers.
- **Gap5: The discrepancy between customer expectations and their perceptions of the service**

delivered: as a result of the pressure exerted from the customer side and the shortfalls (gaps) on the part of the service provider.

- **Gap6: The discrepancy between customer expectations and employees' perceptions:** as a result that the front line executives are unable to understand the customer expectations.
- **Gap7: The discrepancy between employee's perceptions and management perceptions:** as a result of the disparity in the understanding of customer expectations between managers and service providers.

Importance of service quality in banks

There is enough evidence that demonstrates the strategic benefits of quality in contributing to market share and return on investment. Davidow and vital (1989) described that by providing the maximum level of satisfaction to the customers through ultimate service quality is the weapon used by the company.

The customers in the banking sector have higher level of expectations so it requires for the banks to put extra mile affords so as to deliver highest level of service quality and hence make the customers satisfied and will result in retaining the customers and further lead to customer loyalty.

2. Review of literature

Services have been defined in various ways by different experts. Most of the studies concluded that the customers experience is the best explanation of the customers perceptions (R Nargundkar, 2010). A Parasuraman, Leonard Berry and Valanie A Zeitnml came up with the SERVQUAL approach for measuring the service quality. They defined service quality as the gap between consumer's service perception of the service experience and their expectations before the experience (Zeithaml, Parasuraman and Beny, 1990). The scale is spread over the five different parameters/dimensions also described as RATER having 22 statements allocated among these five dimensions. The weight is given to each dimension of the SERVQUAL scale (Parasuraman, Beny, Zeithaml 1991). The concept of service quality as a 5-dimensional construct consisting of Tangibles, Reliability, Responsiveness, Assurance and Empathy.

Sureshchandar et al (2002) in their study examined relationship between service quality and customer satisfaction in Indian banking sector. It was found that SQ and satisfaction are closely related to each other.

Navdeep Aggarwal and Mohit Gupta (2003) This study basically talks about the basic dimensions and sub dimensions of service quality. In order to take over the study Informal structured interviews were conducted with branch managers and academicians. The study came out with the conclusion that service point and personal communications are very important along with ambience for service quality.

Dash et al (2007) The study is confined to the area of Noida and Ghaziabad which tries to analyse the customer satisfaction through the 5 dimensions of service quality. The

study came out with the conclusion that assurance was the most important dimension of service quality followed by reliability and responsiveness. Tangibles were found to be slightest important.

Dr Ravichandran et al (2010)- The paper investigate existing and tries to recognize socio demographic and rational profile of public retail banking consumers. The study found that Loyalty was influenced by operating hours, modern equipments, error free records etc. Service quality parameters like tangibility, responsiveness and empathy dimensions were also found to be very important

3. Need of the study

This study is to attempt to know the importance of having a structured study on this where bank in different categories are compared with respect to the service quality aspect which will helps to find out the gap between perception and expectations of customers ,their core competencies and at the same time find out the areas where it can improve.

4. Scope of study

The study encompasses customer service quality of state bank of Patiala which is located in Ahmedgarh, Sangrur (Punjab). The study covers customers of bank. The customers belong to various professions, places, of both genders, with varied income groups and age groups.

5. Objectives of the study

The main objectives of this study were to examine the level of service quality in State Bank of Patiala from the perspective of bank customers. The specific objectives were as follows:

1. To identify the service quality dimensions which play important role on customer satisfaction
2. To measure the perception of users availing services in State bank of Patiala, Ahmedgarh with a view to provide valuable information about the areas that need attention for improvement in quality of banking service.

6. Research methodology

The research design for the study is descriptive in nature. In this case study, the data is collected from primary and secondary sources. The customers are selected by the convenience sampling method. Sampling unit is individual customers who are mainly a resident of Ahmedgarh surrounding area. The sample size covered 100 individual customers. The data relating to this study is collected by direct investigation and survey. The secondary data is collected by getting information from various books, magazines and internet sites. The response rate was 100% because all the doubts are clarified at the moment. Due to the shortage of time, the research period had been taken only 20 days. The questionnaire was developed with the help of modified SERVQUAL which was developed by Parasuraman et al. (1991). The questionnaire was divided in four parts, items linked with expectation and perception, ranking of dimensions of service quality. Respondents were asked to rate the 22 pairs of statements relating to service quality. Responses to all the

statements in the questionnaire were measured on Seven-point Likert scale, ranging from 1= strongly disagree to 7= strongly agree. Demographic information such as gender, age, education level and income was also collected. Collected data were processed in the Ms Excel 2007.

To know the service quality of the selected bank, we were filled the 100 questionnaires by bank customers. Mainly three values are found such as gap scores, unweighted scores and weighted scores. These scores are used together to interpret the data. But results are tabulated in five tables which are given below:

7. Analysis and interpretation

Table-1: Demographic Profile of Respondents

Demographics	Variables	Frequency	Percentage (%)
Gender	Male	57	57.0%
	Female	43	43.0%
Age	Below 25 years	18	18.0%
	Between 26-40 years	32	32.0%
	Between 41-60 years	30	30.0%
	Above 60 years	20	20.0%
Occupation	Business person	30	30.0%
	Retired	10	10.0%
	Professional	45	45.0%
	Student	11	11.0%
	Housewife	4	4.0%
Annual Income	Below-Rs.2 lakh	21	21.0%
	Rs.2 lakh-4 lakh	37	37.0%
	Rs. 4 lakh-8 lakh	27	27.0%
	Above Rs. 8 lakh	15	15.0%
Education Qualification	Under Graduate	10	10.0%
	Graduate	43	43.0%
	Post Graduate	40	40.0%
	Uneducated	7	7.0%

Table 1 show the demographic profile of the respondents which consist of 57% males and 43% females. Almost an equal number of males and females were included in the survey. Out of 100 respondents, the maximum were working as professional and business person in public and private sector. Apart from that, most respondents belonged to the age

group below 25 and 26-40 years signifying the presence of youth. The maximum number of respondents in the survey were educated who were visited in the bank. The earnings of the respondents were usually between Rs.2 lakh to 4 lakh annually.

Table-2: Gap Analysis

DIMENSIONS	PERCEPTIONS (P)								EXPECTATIONS (E)								Gap (P-E)
	Frequency of Responses								Frequency of Responses								
	1	2	3	4	5	6	7	Average	1	2	3	4	5	6	7	Average	
Modern looking equipment and fixtures	0	0	0	11	32	41	16	5.62	0	0	2	9	30	42	18	5.7	-0.08
Physical facilities	0	1	13	4	17	30	35	5.67	0	0	0	5	15	35	45	6.2	-0.53
ATM Card, debit cards and statements	0	0	0	2	6	25	67	6.57	0	0	0	0	10	20	70	6.6	-0.03
Neat appearance	1	3	8	7	5	36	40	5.8	0	0	0	2	9	32	57	6.44	-0.64
TANGIBILITY								5.915								6.235	-0.32
Keeping promise	3	5	7	10	12	32	31	5.43	0	0	0	10	9	39	42	6.13	-0.7
Sincere interest	0	1	2	6	10	39	42	6.1	0	0	0	0	2	48	50	6.48	-0.38
Promises to do something by a certain time	1	5	3	7	18	27	39	5.73	0	0	0	0	27	33	40	6.13	-0.4
Error free sales transactions and records	0	0	0	1	9	33	57	6.46	0	0	0	0	10	30	60	6.5	-0.04
Services right the first time	0	0	0	6	20	24	50	6.18	0	0	0	5	16	25	54	6.28	-0.1

RELIABILITY								5.98								6.304	-0.324
Prompt service	0	0	2	14	27	28	29	5.68	0	0	0	3	3	15	79	6.7	-1.02
When services will be performed	0	0	15	11	25	26	23	5.31	0	0	1	5	13	21	60	6.34	-1.03
Staff willingness	2	4	5	5	19	30	35	5.65	0	0	0	0	4	14	82	6.78	-1.13
Prompt response	0	4	7	10	12	25	42	5.73	0	0	0	6	18	37	39	6.09	-0.36
RESPONSIVENESS								5.5925								6.4775	-0.885
Behavior of banks staff	8	10	9	2	21	20	30	4.98	0	0	0	5	27	23	45	6.08	-1.1
Customers feel safe	1	6	2	7	8	25	51	5.94	0	0	0	0	2	18	80	6.78	-0.84
Friendliness and courteous	1	2	5	11	9	32	40	5.81	0	0	0	0	1	30	69	6.68	-0.87
Bank staff having knowledge	0	1	2	5	7	21	64	6.37	0	0	0	0	5	16	79	6.74	-0.37
ASSURANCE								5.775								6.57	-0.795
Pay attention by banks	0	0	0	0	6	33	61	6.55	0	0	0	0	1	34	65	6.64	-0.09
Convenient operating hours	0	0	2	12	4	19	63	6.29	0	2	0	0	3	20	75	6.64	-0.35
Bank staff giving customers best interest at heart	0	0	0	2	9	36	53	6.4	0	0	1	0	8	35	56	6.45	-0.05
Personal attention by employees	0	0	0	3	27	39	31	5.98	0	0	0	10	10	43	37	6.07	-0.09
Understanding needs of the customers	0	0	2	13	14	21	50	6.04	0	0	3	14	10	20	53	6.06	-0.02
EMPATHY								6.252								6.372	-0.12

The results of expectations and perceptions of the bank customers are compared in table 2 in order to arrive at a parameter for each of the questions as well as for each of the five dimensions. The gap scores are found by the difference mean perceptions and mean expectations. Negative scores indicate that the expectations are higher than perceptions. It's mean that there is a need of improvement. It has been observed that the smallest service gap is in the empathy dimension (-0.12) followed by tangibility (-0.32) and reliability (-

0.324). The largest gap (-0.885 and -0.795) is found in two dimensions such as responsiveness and assurance, respectively. In responsiveness dimension, we can see that the expectations of bank customers are so much higher than bank's perception except prompt response. In assurance dimension, we can also observed that the bank employees have lot of knowledge regarding transactions but there is problem about behavior of bank staff, customer's safety and courteous.

Table-3: Calculations to obtain unweighted SERVQUAL Score

Dimensions	Gap scores
Average Tangible SERVQUAL Score	-0.32
Average Reliability SERVQUAL Score	-0.324
Average Responsiveness SERVQUAL Score	-0.885
Average Assurance SERVQUAL Score	-0.795
Average Empathy SERVQUAL Score	-0.12
Total	-2.444
Average Unweighted SERVQUAL Score(=total/5)	-0.4888

Table-4: SERVQUAL Importance scores

SERVQUAL Dimension	Weightings
Average Tangible	15.7
Average Reliability	17.8
Average Responsiveness	29.6
Average Assurance	20.9
Average Empathy	16
Total	100 points

Table 3 shows the tabulated results of unweighted average of each dimension. It is calculated by dividing the average score of each dimension divided by the numbers of statements or items referring to each dimensions. The overall

SERVQUAL gap average for all the five dimensions were - 0.4888.

Table 4 refers to the importance weights that are allotted by the bank customers to each of the dimensions. The sum of

the weights is equal to 100 points. The highest weights were given to responsiveness and assurance dimension by respondents as compared to tangibility, empathy and reliability.

But actually, we can also see that problems are found in both dimensions that are shown in table-2. So, we can say that these are the area of improvement in selected bank.

Table-5: Average Weighted SERVQUAL score

SERVQUAL Dimension	Gap scores	Weightings	Weighted Average (Gap scores X Weighting)
Average Tangible	-0.32	15.7	-5.024
Average Reliability	-0.324	18.8	-6.0912
Average Responsiveness	-0.885	29.6	-26.196
Average Assurance	-0.795	19.9	-15.8205
Average Empathy	-0.12	16	-1.92
Total			-55.0517
Average Weighted SERVQUAL Score(total/5)			-11.01034

Table 5 refers to the weighted average that is calculated by multiplying the gap scores of each dimension with weighted score that is shown in table 4. The overall average weighted SERVQUAL score were -11.01034.

8. Finding and recommendation

The major findings of this research are given below:

- One of the most important finding was that there was negative service gap in all the dimensions.
- All dimensions play an important role for the satisfaction of customers. But, the most vital importance is given to responsiveness, assurance and reliability dimensions.
- Least gap is found in empathy and tangibility and largest gap is observed in responsiveness and assurance dimensions.
- There are mainly four statements in which we can observed the more service gap such as behavior of bank staff, employees willingness, prompt service and when services will be performed.
- Most of the professionals and business entrepreneurs are used the banking services as compared to housewife, student and retired person etc.
- It is a proof that the premises of selected bank have become neat, a lot of up gradation has taken place with reference to physical facilities, use of modern equipments and understanding the customer's needs etc.

- On the basis of these findings, it is recommended that bank should focus on the functional aspect involved in responsiveness, assurance and reliability dimensions rather than empathy dimension as well as technical aspect captured in the tangibility dimension. These are the areas on which bank should work out.

9. Conclusion

Delivering quality service has become an important goal for all banks. This study represents the differentiation between perceptions and customer's expectations in state bank of Patiala that is located at Ahmedgarh. The service quality of a bank is measured by gap model in which four dimension scales are involved and SERVQUAL methodology is taken as an analytical approach for evaluating the differentiation. This study provides valuable insights into relationship customer satisfaction with banking services. During the research, it is found that how various dimensions affect overall service quality and to customer's satisfaction. At the end, we can say that there is need to focus on responsiveness, assurance along with reliability dimensions to make an improvement in bank.

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