ALTERNATIVE PERSPECTIVES OF SERVICE QUALITY AND CUSTOMER SATISFACTION – THE MANAGERIAL RESEARCH AND IMPLICATIONS: AN ANALYSIS IN SELECT BANKS

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ABSTRACT

The Indian Banking system is functioning under competitive pressures from within the banking system, from non-banking institutions and capital markets. In such a turbulent environment, it is difficult to maintain a loyal customer base. So it is important to determine the service quality factors, which are pertinent to customer selection decision. The study was undertaken with the purpose of finding out the customers' perception regarding employees' performance in SBI and ICICI bank by using (Service Quality) SERVQUAL model. The dimensions of SERVQUAL model for measuring employees' performance are 'Tangibles', 'Responsiveness', 'Reliability', 'Assurance' and 'Empathy'. The mean scores and standard deviation methods were used to evaluate customers' perception. Findings reveal that customers prefer comfortable location, update equipment without any harassment, safety and empathetic employees.

Keywords: SERVQUAL, Tangibles, Responsiveness, Reliability, Assurance and Empathy.

INTRODUCTION

In the era of Liberalization, Privatization and Globalization, Advancement in information technology, and demanding customers, activist shareholders, all the parties seek performance of an organization and of course its employees. Customer first contacts the employees in the bank. Therefore employees' performance is to be measured at 'Customer platform'. The

banking sector has to continually explore new grounds to meet the demand of competitive banking environment, increase productivity at minimum costs and less response time.

Anderson, Fornell and Lehmann discussed regarding effect of expectations, quality and price on customer satisfaction. In total, 77 firms were under study including airlines, automobiles, banking and supermarkets etc. The findings supported a positive impact of quality on customer satisfaction. It was observed that market expectations positively affect customer's overall satisfaction with the firm and the expectations were highly rational.

Bloemer, Ruyter and Peeters investigated how image, perceived service quality and customer satisfaction determine loyalty in a retail bank. The study was conducted among customers of banks in Netherlands. 2,500 customers were interviewed with regard to image, quality perception and satisfaction with the bank services and their loyalty too. Correlation coefficient and multiple regression analysis techniques were used. It was observed that reliabilty and efficiency could be viewed as important determinants. It was clear that reliability (a quality dimension) and position in the market (an image dimension) are relatively important drivers of bank's loyalty.

Mukherjee, Nath and Pal measured the resource, service quality and performance triad to examine efficiency of banking services. It was a study of 27 public sector banks and their customers. For calculating efficiency, Data envelope analysis approach was used. Results confirm the linkages among resource, service quality and performance for services.

Parasuraman, Zeithmal and Berry described the development of a 22-item instrument (called SERVQUAL) for assessing customers' perceptions regarding service quality. The objective was to describe the development of a multi-item scale to measure service quality and discuss the scale's potential applications. After analyzing reliability and validity, it was concluded that SERVQUAL was a concise multi-item scale with good reliability and validity that could be used to understand the service expectations and customers' perceptions.

Parasuraman, Berry and Zeithmal described a multi sector study in which SERVQUAL instrument was reexamined and observed the reliability and validity. The data was collected from 1936 respondents including telephone companies, insurance companies and banking sector. Regression analysis for five dimensions vis-à-vis tangibles, reliability, responsiveness,

assurance and empathy were measured. Reliability and t-test were used. Findings of scale support the internal cohesiveness of the scale items. It was concluded that five facets of service quality are also interrelated.

Parasuraman, Zeithmal and Berry incorporated the expanded conceptualization of expectations into the alternative scale formats. A sample of 2400 customers of retail chain, auto insurance and life insurance were considered. The demographic variables included age, gender, income and education. The coefficient alpha values were consistently high. The results show that service quality scores exhibit good internal consistency as reflected by high reliability coefficients.

Zeithmal, Berry and Parasuraman linked impact of service quality with particular behaviours. Study includes computer manufacturing, automobiles and life insurance companies. A sample of 2400 customers was selected. It was observed that in each of the companies, the mean score for 'paying more' intention was considerably low than 'loyalty' intention. Multiple regression analysis dimensions were loyalty, switch over and pay more for measuring behavioural intention and service quality score. It was suggested that companies intending to improve services, should do so in a cost effective manner.

OBJECTIVES OF THE STUDY

1. To evaluate statistics of customers' perception towards employees' performance in SBI and ICICI bank.
2. To seek areas of improvement and make suggestions to improve employees' performance in select banks and adopt managerial implications.

RESEARCH METHODOLOGY

The Mean Scores and Standard deviations were used to examine the nature of the data and perception if the respondents. Keeping in view the nature and objectives of the study, the results have been presented into sections.

Section I: Customers' profile of SBI vs. ICICI bank.

Section II: Statistics of customers' perception in SBI and ICICI bank.

Section I: Customers' profile of SBI vs. ICICI bank

Respondents' profile include age, gender, spatial background, education, occupation, income, duration of services availed by the customers, problem and satisfaction level of respondents in SBI and ICICI banks.

Table 1: Age profile of customers in SBI vs. ICICI bank

Age (years)	SBI N(%)	ICICI N(%)	Total N(%)
Less than 25 years	21(10.5)	7(3.5)	28(14.0)
26-35 years	33(16.5)	23(11.5)	56(28.0)
36-45 years	13(6.5)	47(23.5)	60(30.0)
46-55 years	15(7.5)	21(10.5)	36(18.0)
More than 55 years	18(9.0)	2(1.0)	20(10.0)
Total	100(50.0)	100(50.0)	200(100.0)

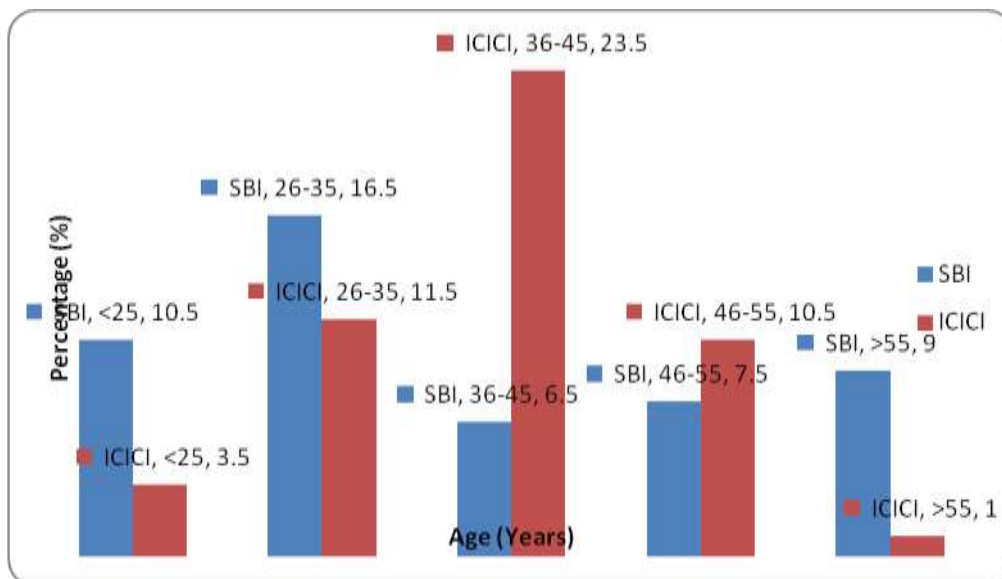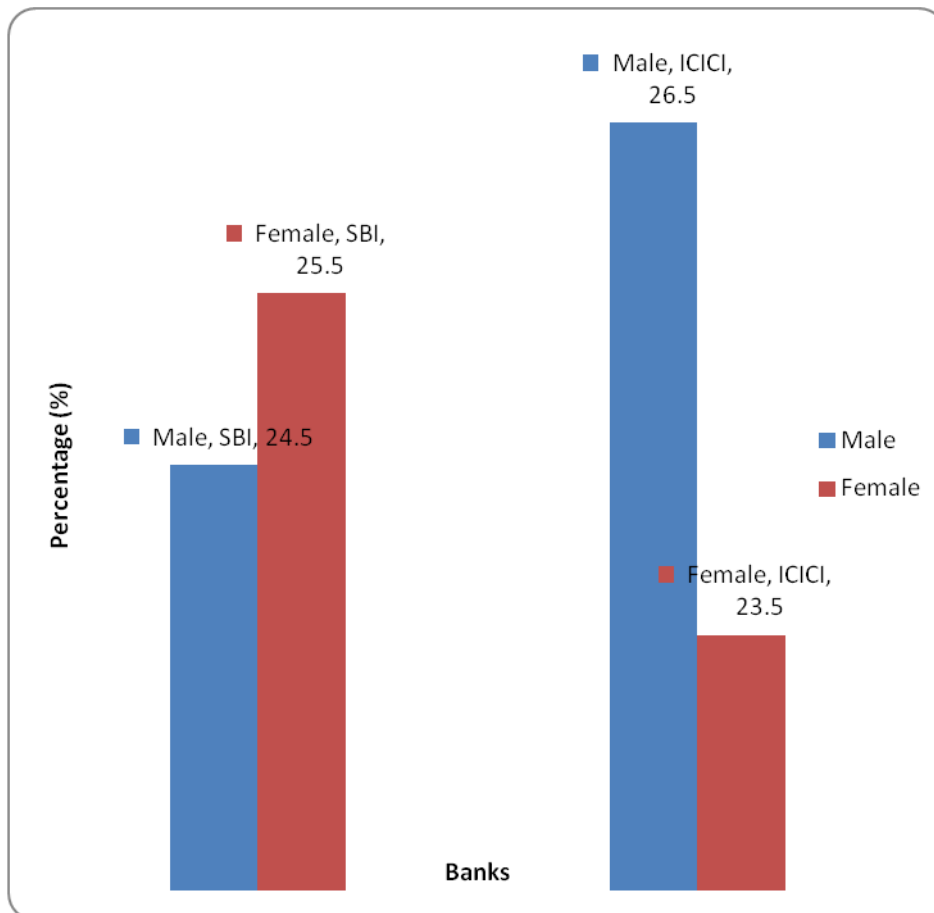**Figure 1.1: Distribution of age of customers at SBI vs. ICICI bank**

Table 2: Gender-wise profile of customers in SBI vs. ICICI bank

Gender	SBI N(%)	ICICI N(%)	Total N(%)
Male	49(24.5)	53(26.5)	102(51.0)
Female	51(25.5)	47(23.5)	98(49.0)
Total	100(50.0)	100(50.0)	200(100.0)

Figure 1.2: Gender-wise profile of customers of SBI vs. ICICI bank

Table 3: Spatial background wise profile of customers

in SBI and ICICI bank

Spatial background	SBI N(%)	ICICI N(%)	Total N(%)
Urban	56(28.0)	72(36.0)	128(64.0)
Rural	15(7.5)	8(4.0)	23(11.5)
Semi urban	29(14.5)	20(10.0)	49(24.5)
Total	100(50.0)	100(50.0)	200(100.0)

Figure 1.3: Spatial background-wise distribution of customers in
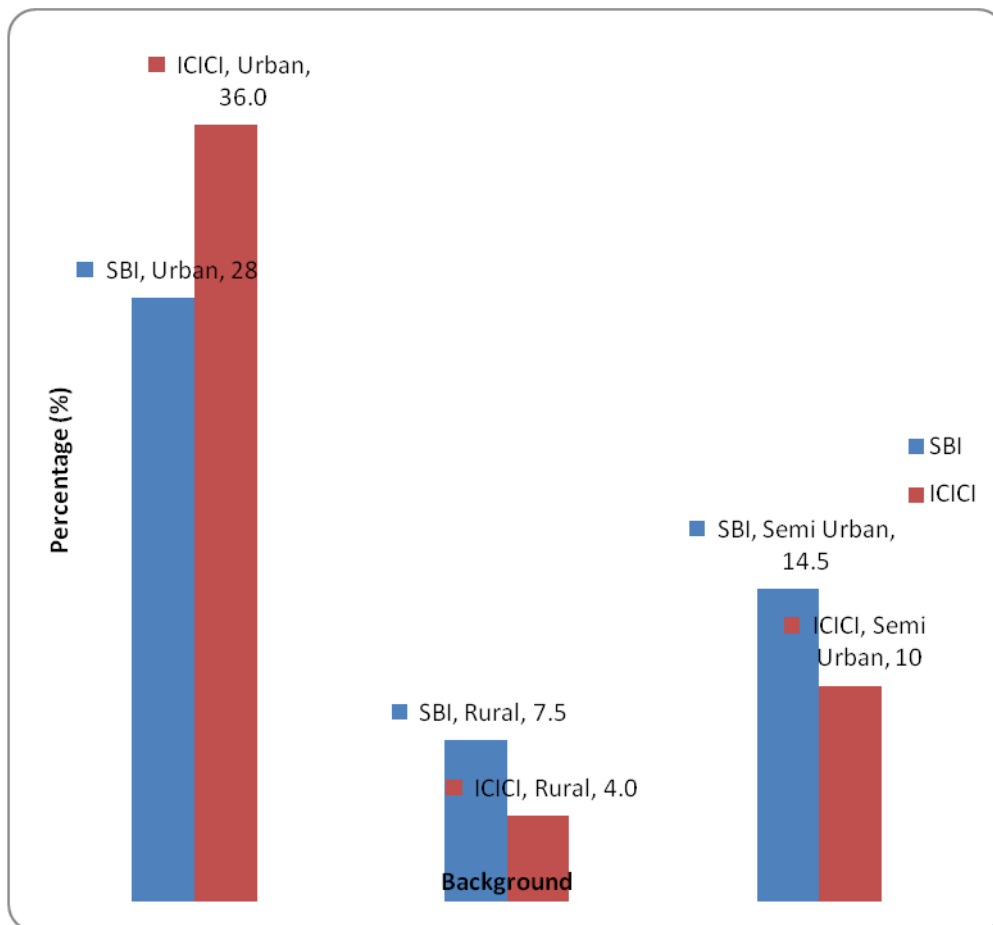
SBI vs. ICICI bank

Table 4: Education wise profile of customers in SBI vs. ICICI bank

Education	SBI N(%)	ICICI N(%)	Total N(%)
Post graduate	35(17.5)	42(21.0)	77(38.5)
Under graduate	41(20.5)	31(15.5)	72(36.0)
Graduate	19(9.5)	10(5.0)	29(14.5)
Professional	5(2.5)	17(8.5)	22(11.0)
Total	100(50.0)	100(50.0)	200(100.0)

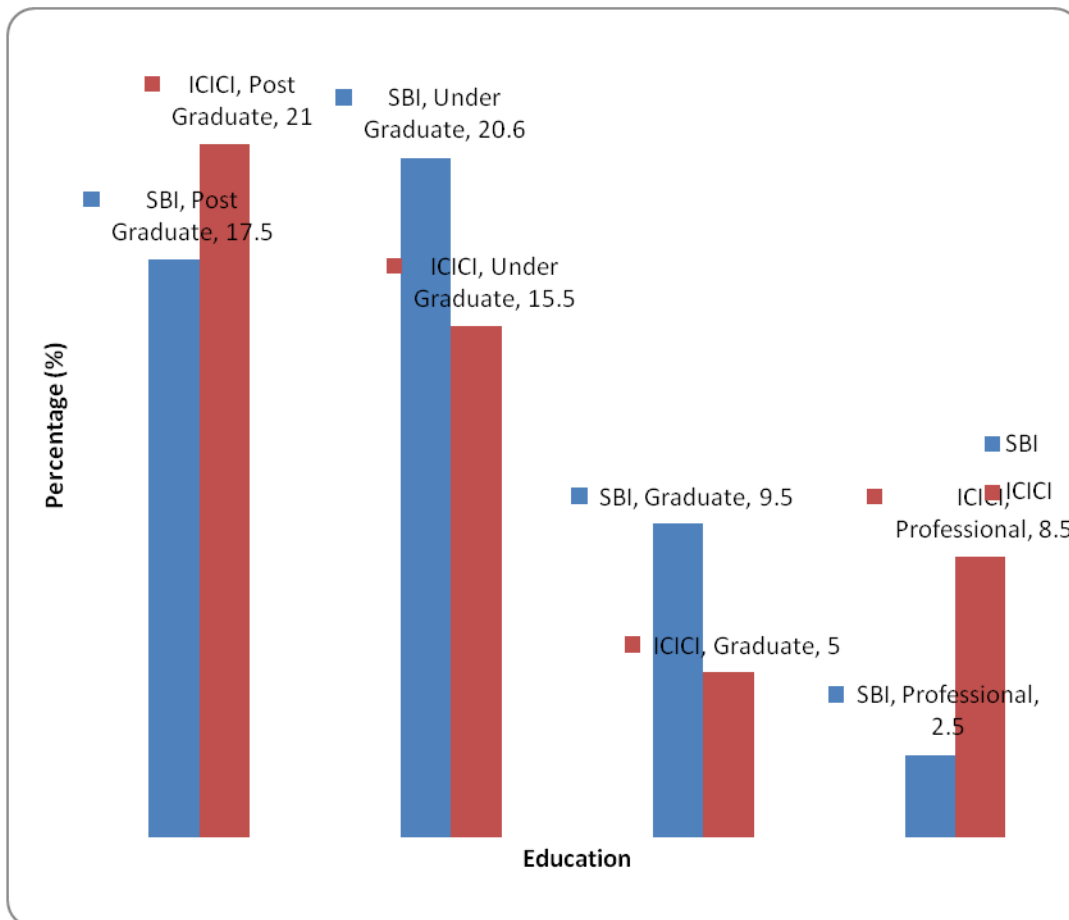**Figure 1.4: Education wise profile of customers in SBI vs. ICICI bank**

Table 5: Occupation wise profile of customers in SBI vs. ICICI bank

Occupation	SBI N(%)	ICICI N(%)	Total N(%)
Public sector/Govt.	31(15.5)	28(14.0)	59(29.5)
Private sector	36(18.0)	12(6.0)	48(24.0)
Multinational	7(3.5)	15(7.5)	22(11.0)
Own business	12(6.0)	45(22.5)	57(28.5)
Student	14(7.0)	0(0.0)	14(7.0)
Total	100(50.0)	100(50.0)	200(100.0)

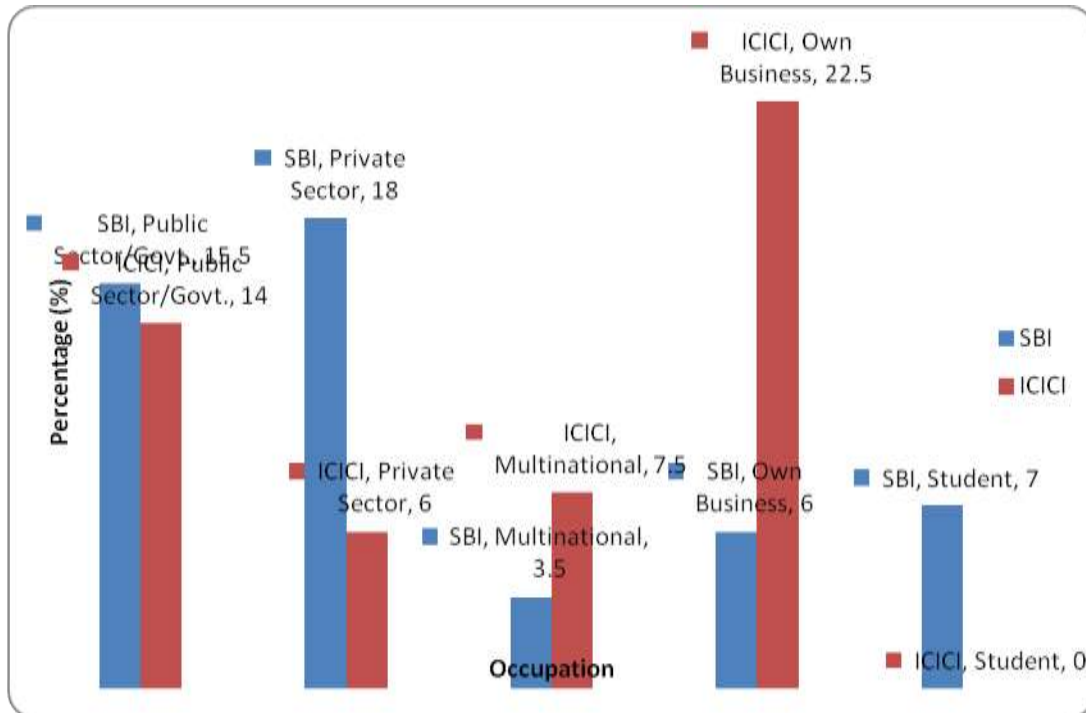**Figure 1.5: Occupation wise profile of customers in SBI vs. ICICI bank**

Table 6: Income wise profile of customers in SBI vs. ICICI bank

Income (Rs.)	SBI N(%)	ICICI N(%)	Total N(%)
Below 2 lacs	61(30.5)	12(6.0)	73(36.5)
2-5 lacs	25(12.5)	17(8.5)	42(21.0)
5.1-10 lacs	6(3.0)	45(22.5)	51(25.5)
More than 10 lacs	8(4.0)	26(13.0)	34(17.0)
Total	100(50.0)	100(50.0)	200(100.0)

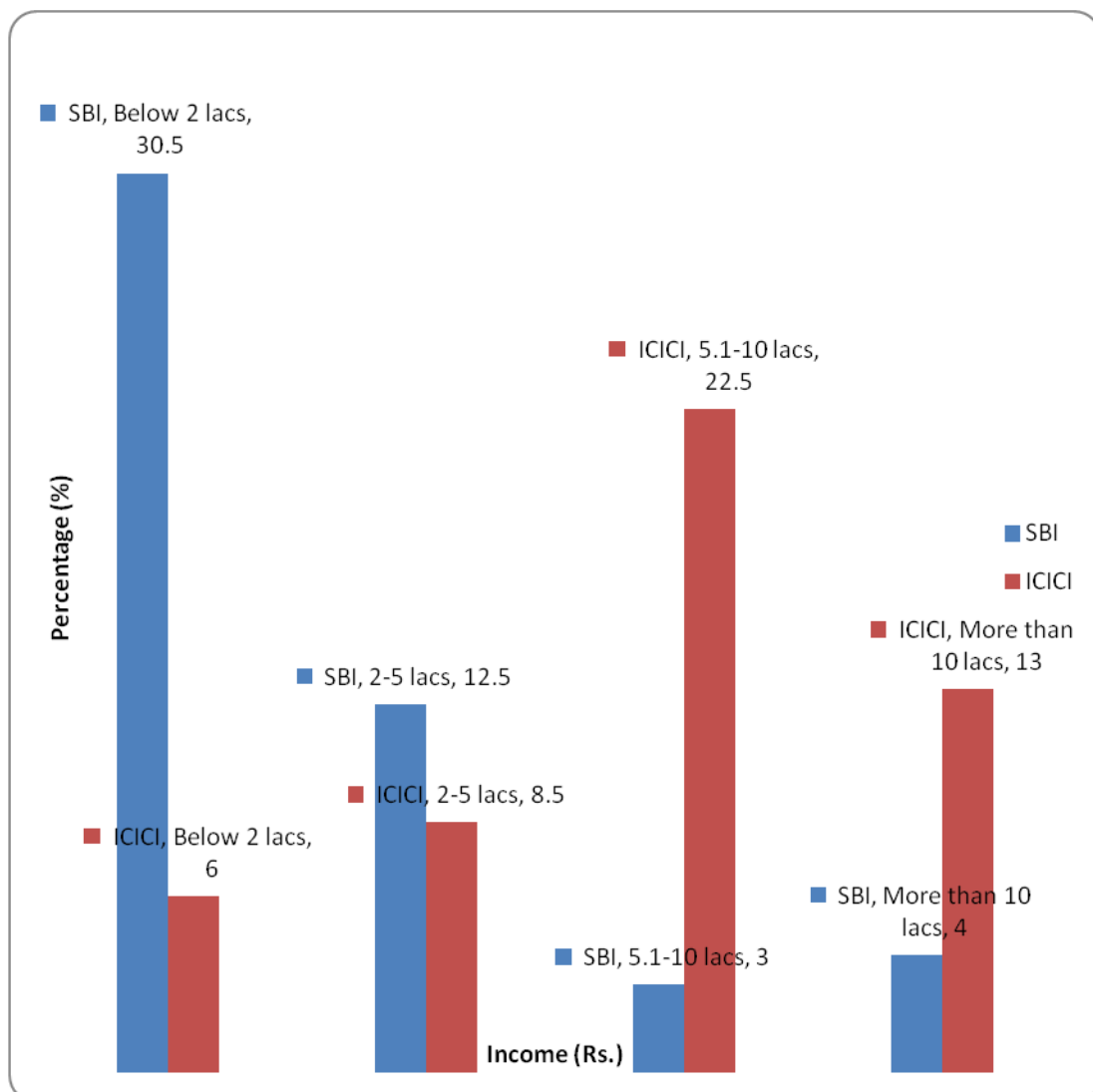**Figure 1.6: Income wise profile of customers in SBI vs. ICICI bank**

Table 7: Duration of services availed by customers in SBI vs. ICICI bank

Duration of services (Years)	SBI N(%)	ICICI N(%)	Total N(%)
Less than 5 years	32(16.0)	13(6.5)	45(22.5)
6-10 years	22(11.0)	48(24.0)	70(35.0)
11-15 years	13(6.5)	27(13.5)	40(20.0)
16-20 years	22(11.0)	12(6.0)	34(17.0)
More than 20 years	11(5.5)	0(0.0)	11(5.5)
Total	100(50.0)	100(50.0)	200(100.0)

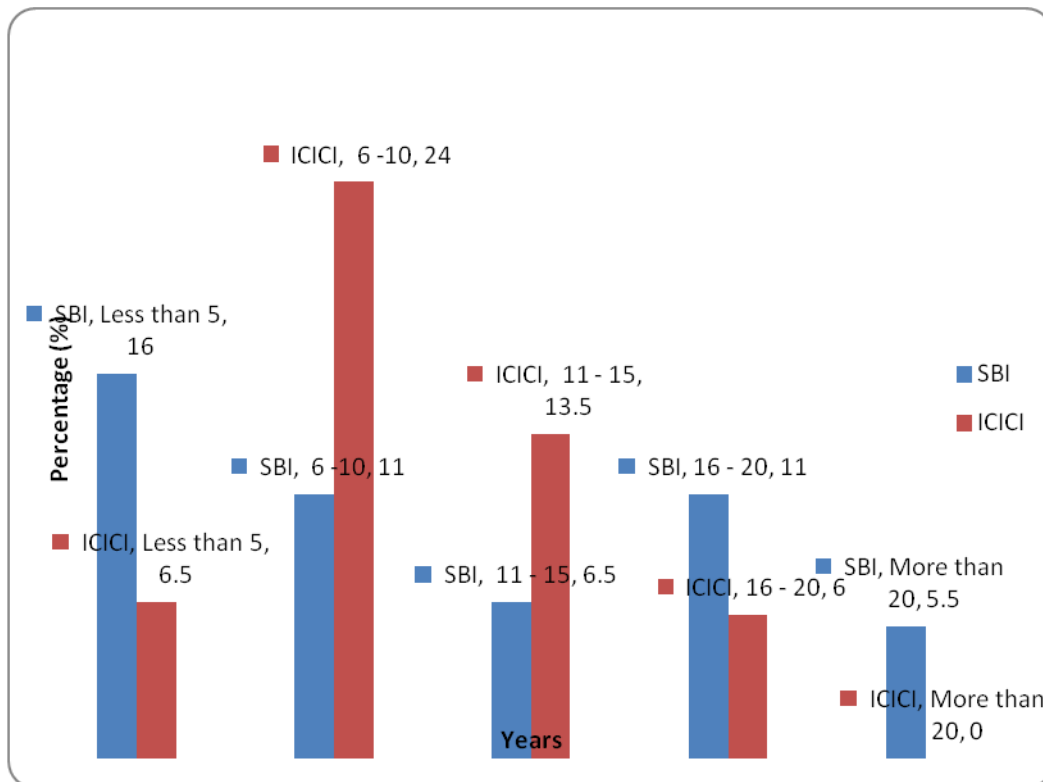**Figure 1.7: Duration of services availed by the customers in**

SBI vs. ICICI bank

Table 8: Problems of customers in SBI vs. ICICI bank

Problem	SBI N(%)	ICICI N(%)	Total N(%)
Yes	64(32.0)	18(9.0)	82(41.0)
No	36(18.0)	82(41.0)	118(59.0)
Total	100(50.0)	100(50.0)	200(100.0)

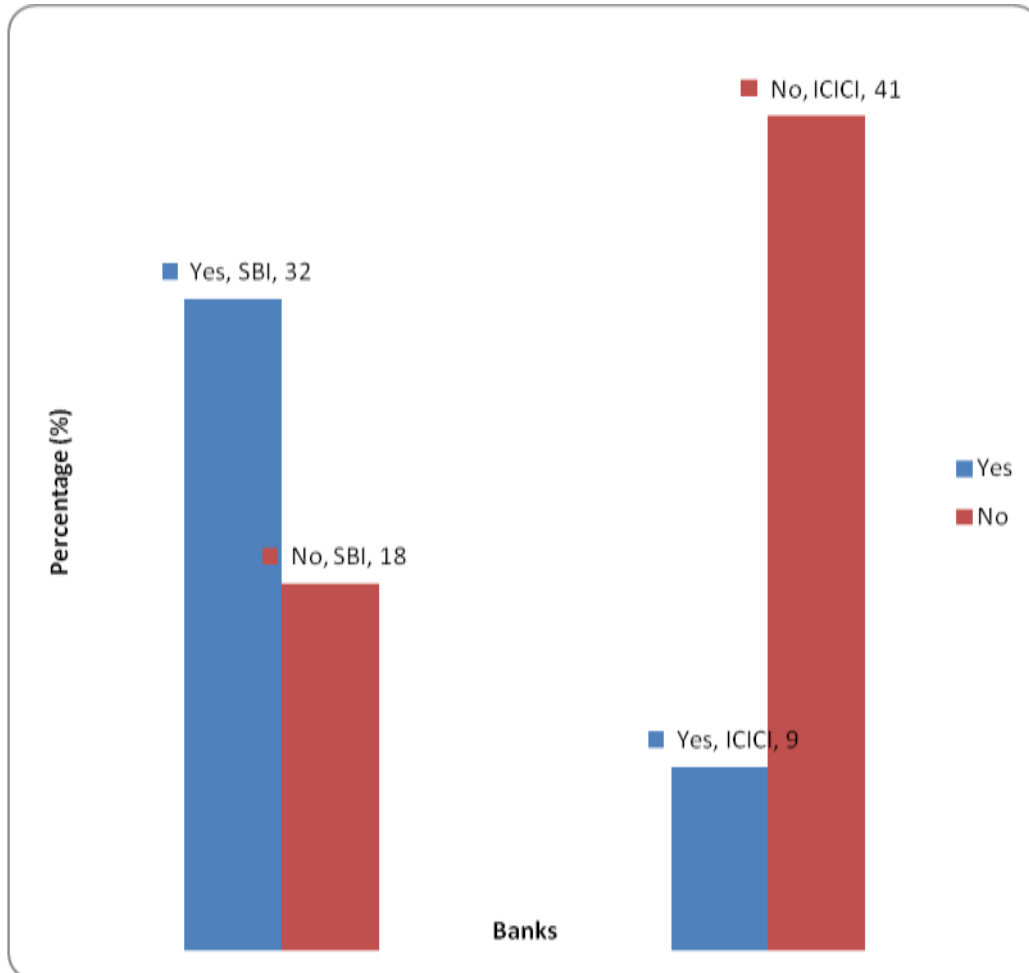**Figure 1.8: Problems of customers in SBI vs. ICICI bank**

Table 9: Customer satisfaction offered in SBI vs. ICICI bank

Customer satisfaction	SBI N(%)	ICICI N(%)	Total N(%)
2	1(0.5)	0(0.0)	1(0.5)
3	1(0.5)	0(0.0)	1(0.5)
4	16(8.0)	6(3.0)	22(11.0)
5	16(8.0)	17(8.5)	33(16.5)
6	22(11.0)	18(9.0)	40(20.0)
7	5(2.5)	7(3.5)	12(6.0)
8	39(19.5)	52(26.0)	91(45.5)
Total	100(50.0)	100(50.0)	200(100.0)

Figure 1.9: Customers' satisfaction towards employees' performance in SBI vs. ICICI bank
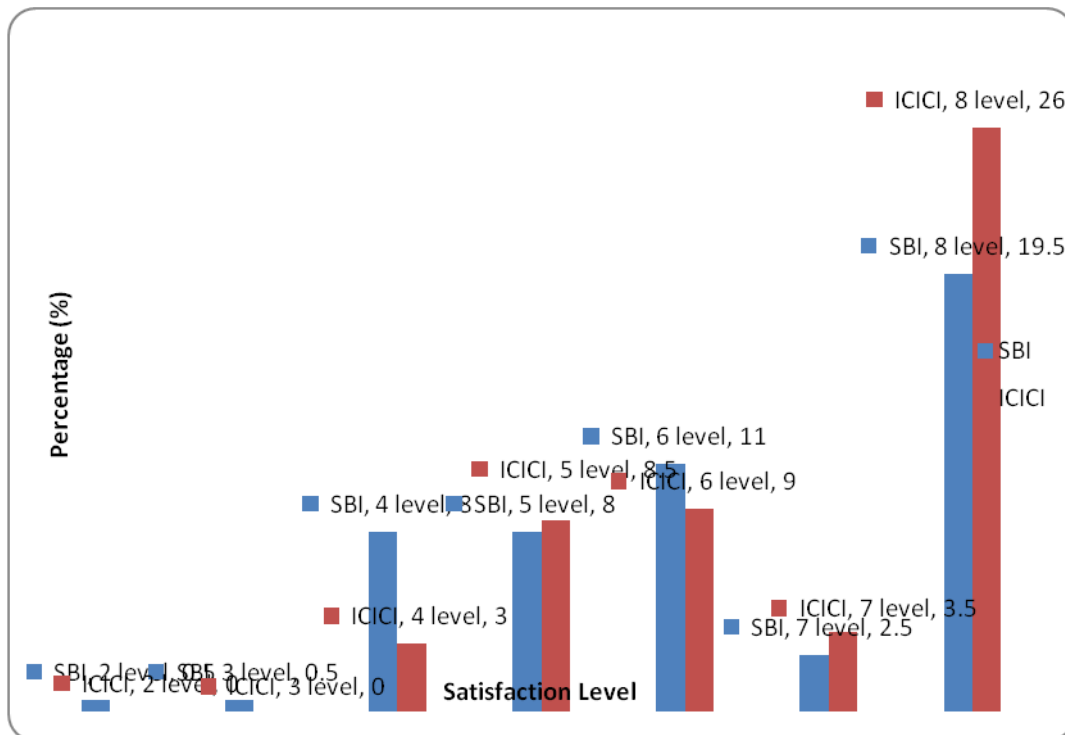
Conclusion

Following conclusions are drawn on the basis of demographic profile of respondents in SBI and ICICI bank:

- In SBI maximum (16.5%) respondents are between 26 to 35 years of age. In ICICI bank, maximum (23.5%) respondents have age between 36-45 years.

- In SBI maximum (25.5%) respondents are females and in ICICI bank maximum (26.5%) are males.

- In SBI maximum (28.0%) respondents belong to urban area and also in ICICI bank maximum (36.0%) belong to urban background.

- In SBI maximum (20.5%) respondents are under graduate, whereas in ICICI bank maximum (21.0%) are post graduates.

- In SBI maximum (18.0%) respondents are doing work in private sector, where as in ICICI bank maximum (22.5%) respondents are having own business.

- In SBI maximum (30.5%) respondents are having income below Rs. 2 lacs. In ICICI bank maximum (22.5%) respondents are having income between Rs. 5.1-10 lacs.

- In SBI maximum (16.0%) respondents are availing services of their bank for less than 5 years, where as in ICICI bank maximum (24.0%) respondents are availing services for 6 to10 years.

- In SBI maximum (32.0%) respondents are having problems, where as in ICICI bank maximum (41%) respondents have no problem while availing services in their bank.

- In SBI, it was observed that maximum (19.5%) respondents give level 8 as satisfaction from employees' performance, whereas in ICICI bank maximum (26.0%) respondents opt for level 8 as satisfaction towards employees' performance.

Section II: Statistics of customers' perception in SBI and ICICI bank

The mean scores and standard deviation of various items in all the dimensions measuring employees' performance are shown in Table 10.

Table 10: Statistics of customers' perception towards employees' performance in SBI and ICICI bank

S. No.	Dimensions measuring employees' performance	Mean	SD
	Tangibles:		
1	Good furnishing inside the bank	3.77	0.96
2	Update equipments like computers/information technology	3.83	0.87
3	Good sitting facility for waiting inside the bank	3.78	1.00
4	Active and well groomed employees	3.57	0.96
5	Convenient location of the branch (close to home/work)	3.87	0.87
	Responsiveness:		
6	Quick responses from employees to customers' request	3.47	0.87
7	Fast redressal of complaints	3.40	0.86
8	Prompt services from the employees	3.45	0.84
9	Willingness of the employees to help customers	3.50	0.84
10	Fast transactions (Opening of new account, balance information, deposits, drafts, cheque clearance etc.)	3.48	0.86
	Reliability:		
11	A Cooperative reception counter	3.32	1.00
12	Availability of the employees at respective counters	3.77	0.91
13	Availability of top officials in case of need	3.38	0.96
14	Lack of mistakes and error free records	3.25	0.96
15	Dependable services from the employees on time	3.43	0.88
	Assurance:		
16	Employees show sincere interest in solving customers' problems	3.56	0.85
17	Courtesy of counter employees and branch manager	3.60	0.82
18	Trustworthiness of employees	3.63	0.80
19	Safety inside the bank and confidentiality in transactions	3.78	0.80
20	Knowledge of employees to handle customers' questions	3.58	0.83
21	Ability of the employees to give advice on investments/Tax benefits	3.56	0.88
	Empathy:		
22	Convenient operating hours	3.73	0.86
23	Employees give priority to customers' interests	3.45	0.94
24	Employees take care to explain the banking rules to the customers	3.50	0.96
25	Attentiveness of employees to customers' specific banking needs	3.55	0.94

Table 10 shows the perception of customers towards employees' performance. Customers perceive for **'Tangibles'** that they are more comfortable if branch is nearly located to their home/work (having highest mean score). They also prefer that update

equipments like computers/ information technology satisfy their needs. Dimension 'Responsiveness' indicate that customers are happy, if employees are willing to help them. Satisfaction also increase if fast transactions like opening of new accounts, balance information etc. are operated by the employees. While scoring 'Reliability', it is observed that customers prefer to have availability of employees at their counters. Customers find the bank reliable, if employees provide services on time. Results of 'Assurance' show that customers demand safety inside the bank and confidentiality in their transactions. Further trustworthiness of employees is also demanded. Facts relating to 'Empathy' examine that customers desire empathetic employees by having convenient operating hours and attentiveness of employees towards their banking needs.

CONCLUSION

Customers' perception helps to decide what to do next. An appropriate and timely action can help to decide performance measurement system. Updated technology, reliable employees, safety in the premises, in time banking transactions and confidential dealings and due attentiveness of employees towards customers actually are more expected by the respondents.

SUGGESTIONS FOR EFFECTIVE MANAGERIAL IMPLICATIONS

1. To promote 'Relationship banking' by providing better services in terms of increased service quality attributes.
2. To position the products and services more strategically in the market place.
3. Technical quality, functional quality and corporate image are to be rebuilt for providing the best to the customers.
4. Effective communication and Understanding/knowing the customer can help to retain the valued customers.
5. Effective and well planned service initiatives encourage customers to recommend the particular branch, spend more with the company and ultimately show customer loyalty.

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