



SERVQUAL of Private Sector Banks: A Study with Special Reference to Tamilnadu

D.Jagadeesan & P.Chinnadurai
Annamalai University, Annamalai Nagar, Tamil Nadu.

Abstract

Bringing and implementing of total quality in the service industry like banking industry is comparatively more critical and complex as well more difficult due to the fact that quality of services cannot be defined objectively. Additionally, banking industry by nature has less control over factors which adversely affect quality. There are few techniques considered to be more effective measurement techniques for services so far while a number of methods have been introduced and practiced for measuring the quality of physical goods. This article has made an attempt to verify the status and the implication of SERVQUAL in Private Sector Banks, one of the widely accepted tools for measuring service quality. The SERVQUAL methodology is briefly demonstrated by a small survey conducted on a randomly selected group of customers in order to know their perception regarding the service quality provided by a selected Private Sector Bank. This article also offers certain policy implications on service quality measurement.

Key words: *Empathy, Reliability, Responsiveness, SERVQUAL, Tangibility.*

Introduction

Service quality, popularly known as SERVQUAL is a well tested and an accomplished survey method for measuring service quality which focuses on five service quality dimensions. SERVQUAL surveys usually include 22 service areas distributed throughout the five service quality dimensions. The survey conducted so far often asks the customers to provide two different ratings on each attribute- one reflecting the level of service they would expect from excellent organisations in a given sector and the other reflecting their perception of the service delivered by a specific organisation within a sector. The difference between the expectation and perception rating constitutes a qualified measure of service quality.

Service industries cover a wide range of differentiated organizations such as health care, education, banking, insurance, hotels, transport, restaurant, etc. Such systems involve a very large variety of business processes and a large scale interaction with variety of customers. The tool SERVQUAL is more or less suitable for most of the service sectors. Still, the scope of SERVQUAL survey is limited to some particular sectors. The use of SERVQUAL seems to be most effective in financial services, health care and education sector. The present research article has made an attempt to highlight the methodology of SERVQUAL by a survey conducted on the account holders of a selective Private Sector Bank regarding the retailing banking services provided by the bank. Sixty seven customers have been chosen as respondents for the study randomly because of the time and cost constraints. The required data were collected through a well structured questionnaire.

Review of Related Studies on SERVQUAL

E-Service is a service delivered to a customer or a potential buyer through a web site. E-Service quality is defined as difference between the service that a customer or a user of particular web site expects and the one actually provided by the web site. Awad (2000) found that four e-commerce activities are available to Internet users : (1) shopping, (2) banking, (3) investing, and (4) online electronic payment for Internet services. The first formal definition of website quality was provided by Zeithaml, Parasuraman and Malhotra(2002) :”the extent to which a web site facilitates efficient and effective shopping, purchasing, and delivery of product and services.”

Although the discussion about the e-service and its quality began only with the onset of the information society in Europe, there are numerous systems dealing with the evaluation of the e-service quality (Mekovec,2007). Zeithaml, Parasuraman and Malhotra(2002) developed the e-servqual measure for electronic service quality to study customer’s judge about service quality. They identified seven dimensions-efficiency, reliability, fulfillment, privacy, responsiveness, recovery and contact to measure customer perception of service quality in online field (Zeithaml Valarie et.al,2000). Lociacono, Watson and Goodhue(2000) planed a system which called Web Qual, and is used for measurement of website quality. Wolfnberger and Gilly(2000) presented a scale named .comQ with four factors website design, reliability, security/privacy and customer service. Wolfnberger(2003) developed the eTailQ system to measuring the quality of online retail shopping . In 2004 Web and Web suggested Site Qual system that can be used in creation and upgrading of the B2C websites. WebQual system in 2005 is renamed e.Qual. This model is based on user perceptions and its importance. The difference between the factors appears if they measure different types of service ,so one type of factors are used in evaluation of the online shopping ,and the other type of factors are used service buying (Mekovec,2007).

Saha and Zhao(2005) identified nine service quality dimensions in internet banking .they are efficiency, reliability, responsiveness, fulfillment, privacy, communications, personalization, technology update and logistic/technical equipment . First five dimensions were tested as a core dimensions in internet banking. Communication and personalization were identified as another two important service quality dimensions in internet banking. Fasanghari and Roudsari(2008) established a customer satisfaction evaluation method based on combination of linguistic variables, fuzzy triangular numbers, and fuzzy entropy. They found that the designed evaluation method creates suitable results and the

evaluation could be done as well as possible . Nupur(2010) investigated the impact of variables of e-banking on customer satisfaction in Bangladesh and argued that reliability, responsiveness, assurance, empathy and tangibles are the core service quality dimensions for customer satisfaction in e-banking . Musiime and Ramadhan(2011) argued that the factors that influence consumer adoption of Internet banking services and found positive relationship between internet banking service, customer adoption and customer satisfaction in Uganda, Africa . They also found that the bank should not be complacent; instead it should be creative and innovative creating new products or services that can stimulate the demand to use inter net banking services. Kumbhar(2013) argued that perceived value, brand perception, cost effectiveness, easy to use, convenience, problem handling, security/assurance and responsiveness are important factors in customer satisfaction in e-banking . Also Timothy studied this relation in Nigerian Bank Industry . Saeidipour, Vatandost and Akbari(2012) studied the effect of development of electronic banking on customer satisfaction levels by using Kano model in Refah Bank of Kermanshah, Iran . Jayanthi and Umarani(2012) found that nearly 90 percent of the customers, who use internet for their banking operations, prefer internet banking to manual banking . The main reasons are convenience (24 hours services, anywhere connectivity) and time saving (no queues and waiting time. The concept of quality service goes beyond the technical aspects of providing the service – it includes customers’ perception of what the services are to be conveyed (Toosi,2011).

Thus, Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either. There are a number of different "definitions" as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers’ needs or expectations. Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al., 1985; Lewis and Mitchell, 1990).

In an attempt to address the issue of how to measure service quality, a scale based upon the utilization of ten elements was developed by Parasuraman, et al(1985) based upon a series of focus group interviews, which could be used to measure service quality perceptions. Originally, the ten elements developed for use in measuring service quality were tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communications, and understanding the customer. Further studies by Parasuraman, et al (1988) brought about a major modification that changed the dimensions that could be used to measure service quality perceptions. Three of the original ten elements—tangibles, reliability, and responsiveness—remained unchanged. The other seven original elements were combined into two elements. Those elements known as competence, courtesy, credibility, and security were combined to form one of the new elements known as assurance, and the elements of access, communications, and understanding the customer were combined to form the new element known as empathy.

SERVQUAL Dimensions

The five elements that made up of SERVQUAL were the following five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. The factors covered by the dimensions are given in the **Table: I**

TABLE: I	
DIMENSIONS	FACTORS
Tangibles	Physical facilities, equipment and appearance of personnel.
Reliability	Ability to perform the promised service dependably and accurately.
Responsiveness	Willingness to help customers and provide prompt service.
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence.
Empathy	Caring and individualized attention that the firm provides to its customers.

Tangibles: Tangibles would include those attributes pertaining to physical items such as equipment, buildings, and the appearance of both personnel and the devices utilized to communicate to the consumer. Tangible was one of the original dimensions that were not modified by Zeithaml, et al (1988).

Reliability: Reliability relates to the personnel’s ability to deliver the service in a dependable and accurate manner. Numerous researchers found that reliability tends to always show up in the evaluation of service. Parasuraman, et al (1988) indicated that reliability normally is the most important attribute consumers seek in the area of quality service. It was also determined by Parasuraman, et al (1985) that the conversion of negative wording to positive wording. Reliability was one of the original dimensions not modified by Zeithaml, et al (1988).

Responsiveness: The desire and willingness to assist customers and deliver prompt service makes up the dimension of responsiveness. Parasuraman, et al (1988) include such elements in responsiveness as telling the customer the exact time frame within which services will be performed, promptness of service, willingness to be of assistance, and never too busy to respond to customer requests. Responsiveness was also one of the original dimensions not modified by Zeithaml, et al (1988).

Assurance: Knowledgeable and courteous employees who inspire confidence and trust from their customers establish assurance. In banking studies, it was determined that a substantial level of trust in the bank and its abilities was necessary to make the consumer comfortable enough to establish a banking relationship. Parasuraman, et al (1988) included actions by employees such as always courteous behavior instills confidence and knowledge as prime elements of assurance. Assurance replaces competence, courtesy, credibility, and security in the original ten dimensions for evaluating service quality (Zeithaml, et al, 1988).

Empathy: Empathy is the caring and personalized attention the organization provides its customers. Individual attention and convenient operating hours were the two primary elements included by Parasuraman, et al (1985) in their evaluation of empathy. The degree to which the customer feels the empathy will cause the customer to either accept or reject the service encounter. Empathy replaces access, communication, and understanding the customer in the original ten dimensions for evaluating service quality (Zeithaml, et al, 1988).

Objectives

- To find out the status of service quality provided by the selected Private sector banks.
- To explore the strengths and weaknesses of service quality of the selected Private sector banks.
- To evaluate the quality of the dimensions of SERVQUAL of the selected Private sector banks.

Research Method

A Survey has been conducted through a well defined and structured questionnaire among the account holders of the Private sector bank which is locally serving for more than two decades to represent the way to conduct SERVQUAL survey. The tools design causes it to be best suited for use as a diagnostic methodology utilized for determining large areas of service quality strengths and weaknesses. To evaluate the five service quality dimensions, sixteen statements were selected from the structured SERVQUAL questionnaire format and then modified to make it precise and best suitable for banking sector. The number of questions was squeezed because of the convenience of collecting responses from the customers who were less willing to answer too many questions.

Two sets of questionnaires were prepared including sixteen identical statements. One set of questions asks the account holders to indicate the extent to which the bank's services should possess the features described by each statement. The other set asks about their views regarding the extent to which they believe their Bank has the features and benefits described by the statement. The questionnaire representing customer expectation focuses on the word, should to state the level of expectation regarding each criterion. A seven point Likert scale is used to get the level of expectation and perception associated with each service quality criterion. After conducting the survey all the questionnaires were collected for tabulation and analysis.

Sample of the Study

Generally, the account holders of the selected Private sector bank are categorized into two major groups: Corporate customers and Retail customers. The retail customers have been chosen to conduct the survey as corporate clients are treated to be the most valued ones and they usually get separate concentration and best services. Moreover they are difficult to access. Thus, the retails customers are more likely to provide the most accurate response regarding the service.

Size of the Sample

The account holders chosen as sample of this research study consist of 67 account holders of different branches of private sector bank.

Data Analysis and Interpretations

The data collected through questionnaire have been analysed with the help of SPSS, the analysis focused towards finding the answers for the framed objectives of the study. The interpretations are based on the objectives:

- **Objective 1) To find out the status of service quality provided by the selected Private sector banks:** The analysed data reveals that the status of the service quality of the chosen Private sector bank is fine and its extends the quality of service to the satisfaction of its account holders.
- **Objective 2) To explore the strengths and weaknesses of service quality of the selected Private sector banks:** It is known from the interpretation of the data that the selected bank has both strengths and weaknesses. Therefore, certain policy suggestions in this regard have been offered to the bank in the direction to strengthen the strengths and overcome the weaknesses.
- **Objective 3) To evaluate the quality of the dimensions of SERVQUAL of the selected Private sector banks:** As per the discussion towards the stated objectives it implies that the quality of the dimensions of service quality of the selected bank is up to the mark and it serves its account holders by providing the expected quality service to its account holders.

Conclusion

The concept of measuring the difference between expectations and perceptions in the form of the SERVQUAL gap score proved very useful for assessing levels of service quality. This research study demonstrates that, with minor modification, SERVQUAL can be adapted to banking organization. Information on service quality gaps can help managers to diagnose where performance improvement can best be targeted. The largest negative gap, combined with assessment of where expectations are highest, facilitates prioritization of performance improvement. Equally, if gap scores in some aspects of service do turn out to be positive, implying expectations are actually not just being met but exceeded, then this allows managers to review whether they may be "over-supplying" this particular feature of the service and whether there is potential for re-deployment of resources into features which are underperforming.

References

- Awad(2000), "The Structure of E-commerce in the Banking industry: An Empirical Investigation", SIGCPR2000 Evanston Illinois USA.
- Fasanghari, and F. Roudsari H(2008)., "The Fuzzy Evaluation of E-Commerce Customer Satisfaction", World Applied Science

Journal, Vol. 4, No.2, (2008) 164-168.

Jayanthy, and R. Umarani (2012), "Customers' perception and satisfaction towards internet banking services", International Journal of Multidisciplinary Research ,Vol. 2, No. 8, August ,(2012),ISSN 2231 5780.

Kumbhar(2011), "Factors affecting the customer satisfaction in e-banking: some evidences from Indian banks", Management research and practice, Vol. 3, No.4, (2011) 1-14.

Lociacono, R.T. Watson and D. Goodhue, WebQual(2000), "A web site Quality Instrument", Working Paper. Worcester Polytechnic Institute (2000).

Mekovec, K. Kero(2007), "E-Service quality: a case study of Varazdin County", 26th International Conference on Organizational Science Development CREATIVE ORGANIZATION, March 28-30, (2007), Protozoa, Slovenia.

Musiime, R. Malinga(2011), "Internet banking, Consumer adoption and Customer satisfaction", African Journal of Marketing Management ,Vol.3, No.10, (2011) 261-269.

Nupur(2010), "E-Banking and Customer Satisfaction in Bangladesh: An Analysis", International Review of Business Research Papers, Vol. 6, No 4, (2010) 145-156.

Parasuraman, A., Valarie A. Zeithaml , and Leonard L. Berry (1985), "A Conceptual Model of Service Quality in its Implications for Future Research," *Journal of Marketing*, 49 (Fall), 41-50.

Parasuraman, A., Zeithaml, V.A., and Berry, L.L. (1988): "SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality", *Journal of Retailing*, 64, 41-50.

Saeidipour , T. Vatandost and P. Akbari(2012) , "Study the Effect of Development of Electronic Banking on Customer Satisfaction Levels by Using Kano Model (Case study : Refah Bank of Kermanshah, Iran)",International Research Journal of Applied and Basic Sciences, Vol.3, No5, (2012) 950-960.

Saha and Y. Zhao(2005), "Relationship between online Service Quality and Customer Satisfaction", Lule University of Technology MSc Program me in Electronic Commerce (2005).

Toosi, R. A. Kohanali(2011), "The study of airline service quality in the Qeshm free Zone by fuzzy logic", Journal of Mathematics and Computer Science, Vol. 2, No. 1, (2011), 171-183. [18]

Wolfenberger and M. C. Gilly(2002) , "com Q :Dimensional zing ,measuring and Predicting Quality of the E-tail Experience", Working Paper No.02-100.Marketing Science Institute, Cambridge, MA, (2002).

Wolfenberger and M. C. Gilly(2003), "e Tail Q: Dimensional zing, measuring and predicting e Tail Quality", Journal of retailing, Vol.79, (2003)183-198.

Zeithaml Valarie, A. Parasuraman and A. Malhotra(2000), "A Conceptual Framework for Understanding e-Service Quality: Implications for Future Research and Managerial practice", Working Paper, Cambridge M.A, Marketing Science Institute, Report Number 00-115, (2000).

Zeithaml Valarie, A. Parasuraman and A. Malhotra(2002), "Service Quality Delivery Through Web Sites :A Critical Review of Extant Knowledge", Journal of the Academy of Marketing Science, Vol. 30, No4, (2002) 358-3

Zeithaml, Valarie A., Mary Jo Bitner (1990), "*Services Marketing*", New York, Irwin McGraw Hill.