

Service Quality Effect on Satisfaction of Customers' of Banks: An Analytical Study of Public and Private Sector Banks of Udaipur (Rajasthan)

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Abstract

The elements of service quality and attaining the satisfaction of clients for the services offered by the banks of Udaipur showed that prior researches operational and geographical scope do not offered accord over the subject, to affirm the issues and patterns of these variables which direct service quality offered by the banks and consumer satisfaction. At present all the public, private, foreign, and international banks' role in retail banking is imperative and offers several financial services to urban, semi-urban, and rural clients to keep up client reliability, trust, confidence to attain the 100% consumer loyalty and satisfaction for the bank. Yet, there are some observations pointed by the researchers that few public, private and international banks don't offer significance to client satisfaction and it is because of lack of concentration on measurement of service quality and consumer loyalty. In such manner, this analytical paper centers with a reason to report the results and findings of existing research works to recognize and characterize the elements of valued service delivery and fulfillment of bank customers towards all the banking services in global context including India. The commitment of the research work is comprehensively focused in particular on quality of service and clients' satisfaction in public, private, and international banks of the city Udaipur. This analytical research work will assist to identify key service dimensions and the level of satisfaction and would also be helpful to identify importance of satisfaction assessment. The geographical scope of the research work is the customers of public, and private sector banks of Udaipur district of Rajasthan, and operational scope is confined to service quality and the customer satisfaction only. The research confirms that satisfaction of the bank customer for the services offered by the bank majorly depends on the effectiveness of the services.

Keywords : Bank, Quality of Service, Customer Satisfaction, Effectiveness, Udaipur

Introduction

The service sector in Indian economy is regarded as the tertiary sector of Indian economy and incorporates a wide range of sectors, for example, banking, School and College Education, Tours and Travels, Insurance, Hotels and Restaurants, Financial Exchange Services, Transportation, Public Service Centres, Telecommunication and Network, Courier and Logistics and so forth other different services. Service sector is one of the most driving contributors in the nations' GDP, and due to this it has the attention of the researchers according to the area of interest in the Industry specifically. In order to nourish and boost the growth in the service sector especially in banking RBI and Government of India had liberalized the banking through reformation of banking through privatization, liberalization in banking restrictions, positive affirmation for integration of global and competitive banking practices, financial inclusion, and many more. All these privatization, globalization, and liberalization practices in banking are intended to increase the customer base for banks and the satisfaction of the customers for the banking services. So, it becomes imperative to assess the customers' level of satisfaction for the services offered by the banks.

The present research work is focused on assessing the gap or differences between the expected and the actual service quality and effectiveness for the services offered by the banks to their customers. Subsequently when the normal or expected degree of bank service to be given to the clients are more prominent than the real degree of administration given by any association, at that point the administration quality offered is considered as low and the other way around. Parasuraman et al. (1985) proposed the very initial model in this regard to quantify the customers' perception for the quality of services offered by the banks. In spite of certain arguments on this service quality model, the determinants represented in the model for estimating the service quality are observed to be dependable and could be utilized in different circumstances and been rehearsed by numerous analysts. As this model consolidates five determinants (focused on all the dimensions of service quality and customer interaction) as the parameter of service quality in banks, it made it possible to achieve to explore the research questions unequivocally.

Related Studies And Hypothesis

Singh et al. (2011) in their comparative study of private, public and foreign banks' banking services and their customer satisfaction for the overall service quality primarily focused on assessing the customers' perception for the service quality. The major service dimensions covered as service dimension were transactional service and information technology enabled other banking services. The major issues for which customers' satisfaction was observed less for nationalized bank was employee behavior and infrastructure and for foreign and private bank for higher charges, lack of proper communication etc were revealed as the major driving variable for which customer satisfaction was found comparatively lower than other service quality variables.

Ahmed et al. (2013) in their study on customer satisfaction in bank of Bangladesh studies the SERVQUAL model to assess the relationship between the customer satisfaction and service dimensions of banks. The study confirmed that customer satisfaction for the service quality is same in both private and public sector commercial banks, except the assurance for which private bank customers' satisfaction was found higher than the public sector bank customers. The study also recommended that public sector bank should work more on improving their service quality.

Quet et al. (2015) in their study on service quality effect on customer satisfaction discussed that personal characteristic such as gender influences the satisfaction level. The study confirmed that female customers look for higher quality and standards in service than the male counterparts. The study also ensured that service dimensions such as tangibility, assurance, responsiveness, reliability, and empathy are significantly associated with the customers' level of satisfaction for the banking services. The study recommended that bank professional should improve their competence for the service rendering for better customer satisfaction.

Yousuf (2017) in his study on impact of service quality of customer satisfaction revealed that among major service quality dimensions bank customers' of Karachi gave less importance to the empathy service quality parameter, and higher importance was observed for responsiveness,

reliability, tangibility and assurance. The author also mentioned that liberalization and privatization of banking in Pakistan had improved the bank customers' expectation for the richness of service quality.

Many researchers (Bharwana et al. (2013), Hussain et al. (2014), Omar et al. (2015)) in their research works confirmed that service quality is a significant dimension of customer satisfaction. Their researches presented proportional relationship between the service quality and customer satisfaction means higher would be the customer perceived service quality higher would be the related satisfaction of the customers and vice versa. In a study of Ibrahim et al. (2016), banks' infrastructure or tangibility (hardware accessories, advancements of machines, ambience, staff proficiency with the machine system, promptness etc.) is an important factor which is directly associated with the customers' satisfaction for services offered by banks. The study confirmed the relationship between the customer retention and tangibility of the services offered. Khan and Fasih (2014) confirmed the same for the relationship between higher technical infrastructure and improvement, and the customer satisfaction. Kashif et al. (2015) while studying the SERVQUAL model and its relationship with the customer satisfaction revealed that all the service quality dimensions are positively associated with the customer satisfaction and reliability among all the other dimensions has its own significance on customer satisfaction. Study performed by Al-Azzam (2015) confirmed the importance of service promptness and responsiveness as a significant dimension which influences the customers' satisfaction significantly. Good and higher service promptness and customer service responses lead into higher customer satisfaction. While discussing over the empathy as service quality dimension Flick (2015) confirmed that empathy has significant and positive relationship with the customer satisfaction. The study recommended that lack of empathy in service offering by the employees to customer negatively affect the quality and customers' perceived satisfaction. So, on the basis of aforementioned literature following hypothesis was drawn and put under statistical observation.

H_i: The Service Quality Variables (Reliability,

Assurance, Tangibility, Empathy, and Responsiveness) have no significant impact on Customer Satisfaction.

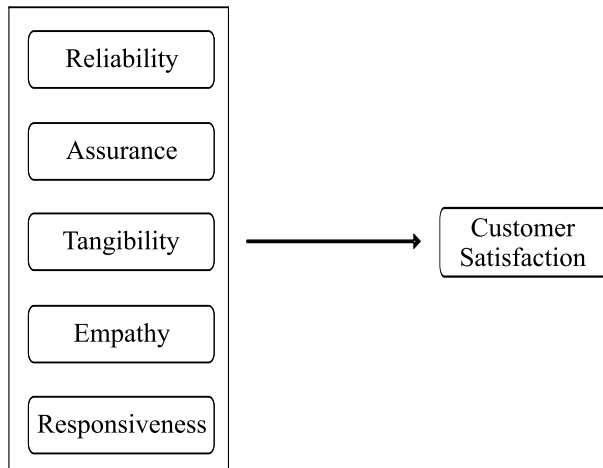
H_{1a}: The Service Quality Variables (Reliability, Assurance, Tangibility, Empathy, and Responsiveness) have significant impact on Customer Satisfaction.

Research Process Followed

For the present research work SERVQUAL model of service quality proposed by Parasuraman in 1988 was chosen with its six service variables or dimension such as "Reliability, Assurance, Tangibility, Empathy, Responsiveness and Customer Satisfaction". Questionnaire administered with the aforementioned service quality dimensions incorporated 32 different statements on five point Likert scale and customer respondents were asked to rate their opinion over it. 6 Statements were administered under reliability presenting trust and confidence of customer over service, 5 statements were administered under tangibility presenting infrastructural capacity of banks, 4 statements were administered under empathy presenting the personal touch and care of customers, 8 statements were administered under responsiveness presenting promptness of the bank and bank employee for rendering the service, 4 statements were administered under assurance presenting trust and confidence over service and quality, and remaining 5 statements were administered to enquire about the customer satisfaction for different dimensions.

In point of fact to attain the research objectives and to examine the significance of the stated research hypothesis, 150 bank customers of both public and private sector banks of Udaipur was sampled as respondents of the research work. The customers were sampled through convenience sampling and the parameter of convenience was restricted to those customers who can understand the need of research and can also understand the significance of service quality and customer satisfaction in parallel. The respondents were comprised of good combination of male and female respondents, respondents of different occupational background. IBM statistics software SPSS 23.0 was used for statistical analysis, and reliability analysis, and linear regression was used to test the hypothesis.

Figure 1: Research Framework Service Quality Dimensions



Data Analysis and Interpretation of Customer Satisfaction and Service Quality Relationship

Reliability Measurement: In order to measure the customer responses quality Cronbach's alpha (α) reliability statistical test was performed over the dataset produced through the feedback given by the respondents of administered question sets. The reliability test measure internal consistency as well as biasness of the dataset and that led to make the interpretation over the data quality for further statistical analysis. Table 1 presented below is the statistical output the test statistics of service quality dimensions and customer satisfaction statements.

Table 1: Reliability Cronbach's A Statistics of Service Quality Dimensions and Overall Satisfaction

| Dimension | N (Statements) | α Value |
|------------------------------------|----------------|----------------|
| Service Reliability | 6 | 0.709 |
| Service Assurance | 4 | 0.711 |
| Service Tangibility | 5 | 0.769 |
| Service Empathy | 4 | 0.723 |
| Service Responsiveness | 8 | 0.712 |
| Customer Satisfaction for Services | 5 | 0.816 |

Source: Statistically Computed

Above statistics of reliability test revealed that all the listed service quality dimensions' alpha (α) values are higher to 0.70 which led into an interpretation that sampled bank customers' responses do not have biasness for the statements and no identity matrix is found for the responses. So, data is of good quality and can be used for further statistical analysis.

Pearson Correlation Analysis : In order to measure the significance of relationship among the customers' opinion for the service quality dimensions and their overall satisfaction for the banking services in totality Pearson Correlation test was performed.

Table 2: Relationship Between Customers' Opinion for The Service Quality Dimension and Overall Satisfaction for Banking Services

| Correlations | | |
|--------------------------------|---------------------|----------------------|
| | | Overall Satisfaction |
| Opinion For Service Dimensions | Pearson Correlation | .726** |
| | Sig. (2-tailed) | .000 |
| | N | 150 |

** . Correlation is significant at the 0.01 level - (2 tailed)

Source: Statistically Computed

Relationship statistics through Pearson correlation was presented in the above table between customers' opinion for the service quality dimension and overall satisfaction for banking services revealed that a positive and strong association is there in between the customers' opinion for the service quality dimensions and their overall satisfaction for banking services. The statistics of the relationship scored 0.726** at 0.01 (2-tailed) significance level. So, it could conclude that a positive and proportional relationship is there in between the customers' opinion for service quality and customer satisfaction for the service qualities offered to them by banks. It was assessed throughout the research process that customer with higher positive response for the service quality statement has higher satisfaction level, so it is recommended that banks should focus on each service dimension equally and should also focus on statistical significance of the service quality statements for customer satisfaction.

Linear Regression Test : In order to measure the individual service quality dimension or variables' impact on customers' satisfaction linear regression test was performed. The statistical outputs of the test also led into getting the composite impact of service dimensions on customers' satisfaction for banking services.

Table 3: ANOVA Analysis of Service Quality Variables Impact on Customer Satisfaction

| ANOVA ^a | | | | | | |
|---|------------|----------------|-----|-------------|-------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 18.119 | 5 | 5.115 | 4.139 | .002 ^b |
| | Residual | 163.336 | 144 | 1.236 | | |
| | Total | 181.455 | 149 | | | |
| a. Dependent Variable: Customer Satisfaction | | | | | | |
| b. Predictors: (Constant), Reliability, Assurance, Tangibility, Empathy, Responsiveness | | | | | | |

Source: Primary Data

Above table of relationship analysis or impact significance analysis through ANOVA test helped to identify that for constant variables of service dimensions and dependent variable i.e. customer satisfaction F value is found 4.139 at 5, 144 level degree of freedom, and the significance score of the F value was found .002, lesser to standard

significance value .05. This all statistic results into confirmation of the impact of service dimension variables are significant on customer satisfaction for banking services. So, on the basis of the above statistics of ANOVA it is to be conclude that null hypothesis H1 is to be rejected and corresponding alternate hypothesis H1a is to be accepted "The Service Quality Variables (Reliability, Assurance, Tangibility, Empathy, and Responsiveness) have significant impact on Customer Satisfaction".

Table 4: Coefficients of Service Quality Variables Impact on Customer Satisfaction

| Coefficients ^a | | | | | | |
|--|--------------|---------|------------|------|-------|------|
| Model | | UC | | SC | t | Sig. |
| | | β | Std. Error | | | |
| 1 | (Constant) | 3.106 | .197 | | 4.226 | .000 |
| | Reliability | .756 | .116 | .623 | 3.718 | .000 |
| | Assurance | .423 | .108 | .206 | 3.196 | .000 |
| | Tangibility | .349 | .045 | .289 | 2.913 | .001 |
| | Empathy | .238 | .042 | .196 | 2.600 | .009 |
| | Responsivene | .331 | .136 | .218 | 2.869 | .004 |
| a. Dependent Variable: Customer Satisfaction | | | | | | |

Source: Primary Data (UC- Unstandardized Coefficient, SC- Standardized Coefficient)

Coefficients statistics of service quality variables impact on customer satisfaction is presented in the above table revealed beta values significance of the independent variables ("Reliability, Assurance, Tangibility, Empathy, and Responsiveness"), and sig. difference presented the difference between unstandardized and standardized coefficients, so for the service reliability (t=3.718, Sig.=.000), for service assurance (t=3.196, Sig.= .000), for service tangibility (t=2.913, Sig.= .001), for service empathy (t=2.600, Sig.= .009), and for service responsiveness (t=2.869, Sig.= .004) the statistical values showed significance and confirmed their significant impact on customers' satisfaction for service quality.

T-Test for Comparative Difference: Comparative difference in the public and private bank customers' opinion for the service quality dimensions is performed through T-test. The statistics of the test are hereunder:

Table 5 : T-test To Measure Difference Between Public and Private Banks' Customers' Opinion for Service Quality Dimensions and Satisfaction

| Variables | Private Banks' Mean Score | Public Banks' Mean Score | T | Sig. |
|----------------|---------------------------|--------------------------|-------|------|
| Reliability | 4.14 | 2.98 | 6.164 | .000 |
| Assurance | 4.28 | 2.96 | 8.79 | .000 |
| Tangibility | 3.21 | 3.47 | -2.12 | .029 |
| Empathy | 3.90 | 2.76 | 4.54 | .000 |
| Responsiveness | 4.05 | 2.97 | 7.12 | .000 |
| Satisfaction | 3.60 | 4.63 | -5.32 | .000 |

Source: Primary Data

From the above statistics of customer opinion differences for the service quality dimensions offered by the public and private banks it was identified that mean score of private bank customers' opinion is found greater for reliability, assurance, empathy, and responsiveness. For remaining variables of service dimensions public sector bank customers' opinion for tangibility and overall customer satisfaction is found higher. It is because of overall availability and presence of different public sector banks' services.

Conclusion

Generally, all the commercial banks in India have been rivaling the same sort of products and services to their customers; so, subsequently the key difference can be created through offering the good quality services for the better support of the bank clients. So, the competition in the industry is intense, and only one can win who can identify and work upon the principal service factors that can positively influence the consumers' satisfaction, with this reference the bank customers of Udaipur city were sampled as respondents of the study. The present research works' statistical output revealed that all the service quality dimensions ("Reliability, Assurance, Tangibility, Empathy, and Responsiveness") are relatively important for the customers' satisfaction, and all the service quality dimension has significant effect on customers' perceived satisfaction level for the banks' services. One noticeable issue identified

while the comparative assessment of public and private bank customers' opinion for the service quality that except tangibility for all the other service quality dimensions private bank customers' opinion is greater to the public sector bank customers. But, in totality customer of public sector banks were found with higher satisfaction than the private bank customers. It is recommended that more customer respondents and broader geographical coverage can result into more specific results about the service quality dimensions, for future mobility as the service dimension can be added to the SERVQUAL model as this dimension will focus on getting the customers' view point about the web based and mobile based banking services and their efficiency.

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