
ANALYTICAL STUDY OF CUSTOMERS' PERCEPTION ABOUT SERVICE QUALITY: A STUDY OF INDIAN PRIVATE BANKS

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Introduction:

Service quality involves a comparison of expectations with performance. Generally the customer is requesting a service at the service interface where the service encounter is being realized, and then the service is being provided by the provider and in the same time delivered to or consumed by the customer. The main reason to focus on quality is to meet customer needs while remaining economically competitive in the same time. This means satisfying customer needs is very important for the enterprises survive.

A service can be broken down into two quality dimensions:

1. Technical quality: Technical quality refers to the relatively quantifiable aspects of the service, i.e. what is being done.
2. Functional quality: Functional quality refers to how the technical quality is being delivered to customers.

There are a number of models which try to capture and define "Service Quality" but the best model is SERVQUAL. The Servqual Model of measuring service quality is based on the pioneering work of Parasuraman, Zeithaml and Berry. Customers use five principal dimensions to judge service quality. These are: reliability, responsiveness, assurance, empathy and tangibles. The Servqual instrument is used to obtain customer expectations are compared with perception's scores. The gaps so obtained are aggregated to obtain a composite score of service quality.

Main Objectives of the Study:

- (1) To identify the service quality gaps in the Indian private banks.
- (2) To make suggestions to improve service quality in Indian private banks on the basis of findings of the study.

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The Review of Literature:

Navdeep Kaur and Pratibha Goyal (2009) service quality is must and it is crucial in improving organization's image, surviving in a competitive market at both national and global levels. Continuous quality improvement has to be applied in all organizations for their survival and to keep and increase their market share. The companies need to focus on the gaps between expected and perceived service quality.

R.K. Uppal (2010) given various suggestions to improve service quality of banks. According to him, banks should add new variety of services; and employees of the banks should be made fully aware about the use of E-channels so that they may guide the customers effectively. Motivate and train some professionals to educate customers in a customer preferred language either through seminars or lectures. Banks should organize customer meetings or organize seminars to educate the customer-friendly environment staff should be fully trained to create awareness.

Manjit Singh and Robin Kaushal (2011) the conceptualization of servqual instrument provided immense help in determining the level of service quality and the expectation of customers from the banking industry. With the help of this model, banks can focus more upon delivering qualitative electronic banking service to the customer.

Research Methodology:**Need of the Study:**

There is need to do the study on the applications of service quality models in Private Banks and there are some other reasons for the need of the study;

- Fast growth of private banks in India.
- With the increase in income levels, people are more engaged economic activities.
- To know that how service quality models helps service provider and customer to analyzing the service quality.
- This study helps the companies to improve their service quality

Problem Statement:

There is gap between the customer expectations and customer perceptions.

Hypothesis:

Ho: There is no significant difference in the perception of the customer of the various private banks with regards to the various dimension of service quality.

Scope of the study:

The scope of the study has been limited to the customers of the private banks. For the collection of the primary data the study will be confined to Punjab state only.

Research Design:

The study being undertaken is Descriptive in nature. Descriptive research attempts to describe in detail the relationship between various aspects of a research problem. Instead of looking at ‘what was’, it looks at ‘what’. The major purpose of descriptive research is description of the state of affairs as it exists at present, while studying the research problem, scientific method is followed.

Sampling Unit: In this study, the sampling unit was clients’ of private banks in Punjab.

Sampling Size: The sample size was so selected that it could be adequate enough to represent the whole population, and also give the true picture. The total sample size was restricted to 100 clients of private banks.

Sampling Design: Keeping in Mind the nature of data required for the study, convenient sampling technique has been used.

Data Collection:

The method of data collection to be used for the researcher should keep in mind two types of data VIZ. primary and secondary. In the present study I have made use of primary data collected through questionnaire. I was also used information available on web-portals.

Nature of the Study:

The “Descriptive Research Study” has been used. The basic aim is to gain familiarity and to achieve new insights along with describing the existing facts.

Statistical Tools and Techniques:

In this study a lot of statistical tools and techniques are used according to the requirement of the study:

$$\text{Weighted Average} = \frac{X_1W_1 + X_2W_2 + \dots + X_nW_n}{W_1 + W_2 + \dots + W_n}$$

Where X represents the variable values

W represents the weights attached to variable values.

The t match paired test is based on paired observations is defined by the following formula:

$$t = \bar{d} \sqrt{\frac{n}{s}}$$

Where $\bar{d} = \frac{\sum d}{n}$ = the mean of the differences

S = the standard deviation of the differences

$$S = \sqrt{\frac{\sum d^2 + n(\bar{d})^2}{n - 1}}$$

Analysis and Interpretation of data:

As per the requirements of the study, both the quantitative and qualitative data has been collected. As regarding the scaling techniques, the five point scale have been used with points of 5, 4, 3, 2, 1 assigned strongly agree to strongly disagree. The ranking method was also used, where the respondents have ranked all the answers.

Relevance of the Study:

It will help the private banks to improve the service quality and helps in understanding the customer's expectations regarding the service quality.

Limitations of the study:

- (1) Any primary data based study through pre-designed questionnaire suffers from the basic limitations of the possibility of difference between what is recorded and what is truth, no matter how carefully the questionnaire has been designed and field investigation has been done. The same may be deliberately report their true opinion due to some biasness.
- (2) Non-availability of sampling frame consisting of total number of private banks in the selected districts of Punjab is another limitation of the study.
- (3) Keeping in view the non-existence of branches of private banks in rural areas, the respondents were selected from the branches located at cities only.
- (4) Since obtaining the opinion of customers was the sole objective of study, the sample size was kept limited to 100 customers of private banks.

Data analysis and Interpretation:

Testing of Hypothesis (H_0)

H_0 : There is no significant difference in the perception of the customer of the various private banks with regards to the various dimension of service quality.

The t test is used for testing this H_0 hypothesis. The t-test based on paired observations is defined by the following formula:

$$t = \bar{d} \sqrt{\frac{n}{s}}$$

Where $\bar{d} = \sum \frac{d}{n}$ = the mean of the differences

S = the standard deviation of the differences

Sr. No.	Expectations	Perceptions	(P-E) d	d^2
1	3.16	3.19	0.03	0.0009
2	3.34	3.14	-0.2	0.04
3	3.14	3.02	-0.12	0.0144
4	3.36	3.37	0.01	0.0001
5	4.12	2.99	-1.13	1.2769
6	4.14	2.69	-1.45	2.1025
7	3.69	2.89	-0.8	0.64
8	4.06	2.79	-1.27	1.6129
9	4.03	3.05	-0.98	0.9604
10	4.08	2.84	-1.24	1.5376
11	4.18	2.54	-1.64	2.6896
12	4.13	3.02	-1.11	1.2321
13	2.80	3.04	0.24	0.0576
14	3.34	3.23	-0.11	0.0121
15	4.24	3.08	-1.16	1.3456
16	4.38	2.60	-1.79	3.1684
17	4.86	2.69	-2.17	4.7089
18	3.97	3.69	-0.28	0.0784
19	3.52	2.77	-0.75	0.5625
20	4.67	3.22	-1.45	2.1025
21	3.17	2.07	-1.1	1.21
22	3.48	2.73	-0.75	0.5625
			$\sum d = -19.21$	$\sum d^2 = 25.9159$

$$t = \bar{d} \sqrt{\frac{n}{s}}$$

$$\bar{d} = \frac{\sum d}{n} = \frac{-19.21}{22} = -0.8751$$

$$S = \frac{\sqrt{\sum d^2 + n(\bar{d})^2}}{n - 1} = S = \frac{\sqrt{25.9159 - 22(-0.8731)}}{22 - 1}$$

$$S = \frac{\sqrt{25.9159 - 22(0.7623)}}{22 - 1} = \sqrt{\frac{25.9159 - 16.7706}{21}}$$

$$= \sqrt{\frac{9.1452}{21}} = \sqrt{0.4354} = 0.6599$$

$$t = \frac{+0.8731\sqrt{22}}{0.6599} = \frac{+0.8731(4.6904)}{0.6599}$$

$$t = \frac{+4.095202}{0.6599} = +6.2057$$

$$V = n-1 = 22-1 = 21$$

$$V = 21, t_{0.05} = 2.080$$

Calculated value of t is more than the table of t. So the H_0 is rejected, that means there is a significant difference in the perception of the customer of the various private banks with regards to the various dimension of service quality.

Service Quality Gaps in the Stock Broking Firms:

Questions	Dimensions	% Expectations	% Perceptions	(P-E) Service Quality Gap %
1-4	Tangibility	3.25	3.18	-0.866
5-9	Reliability	4.008	2.882	-1.126
10-13	Responsiveness	3.7975	2.86	-0.9375
14-17	Assurance	4.205	2.9	-1.305
18-22	Empathy	3.762	2.896	-0.866

Findings of the study:

- (1) Customers Expectations are less than their Perceptions regarding modern looking equipment in private banks. So the service Quality Gap is positive and that means the customers does not give to much importance to Modern Looking Equipment in private banks.
- (2) Visually appealing physical facilities at private banks have not a big impact on customer; this is proved by a less gap between the Expectations and Perceptions of customers.
- (3) Neat appearance of Employees at private banks gives the birth to a normal looking Gap between the Expectations and Perceptions of customers.
- (4) As visually appealing physical facilities at private banks, the visually appealing Materials associated with the service at private banks have also a very less impact on customers.
- (5) Private Banks firms do not fulfill their promises to do something by a certain time. So the customers are disappointed from the service delivered by the private banks
- (6) Private Banks does not have the sincere interest in solving the problem of customers and this creates a very big service quality gap.
- (7) The private banks do not perform the service right the first time. This is proved by the large gap occur between the expectation and perception of customers regarding this.
- (8) There is a very big gap between the expectations and perceptions of the customers because the private banks do not provide its service at the time it promises to do so.
- (9) Customers think that the private banks do not insist on error free records and this create a service quality gap.
- (10) The employees in the private banks do not tell them exactly when the services will be performed and there is a huge gap between expectation and perception of the customers.
- (11) In the study this is found that the employees in the private banks do not give the prompt service to the customers.
- (12) There is a large gap between the Expectation and Perception regarding employees in private banks. Customers feel that they are not always willing to help them.
- (13) Customers feel that the employees of private banks are quickly responding to customer's request. The perceptions of the customers are higher then the Expectations.
- (14) The behavior of employees in private banks instills confidence in customers, so there is a very little gap between the expectations and perceptions of customers.
- (15) Customers do not feel safe in transactions with the private banks and this creates the gap between the expectations and perceptions regarding the feeling of safety in Customer of private banks about transaction.

- (16) There is a very big gap between the expectations and perceptions regarding employees of the private banks, because employees of private banks are not consistently courteous with customers.
- (17) Customers feel that the employees of private banks have not this much knowledge to answer the questions of customers and this gives a birth to a very large service quality gap.
- (18) Individual attention given by private banks is almost equal as expected by the most of the customers, so that customers are not too much disappointed from service quality delivered by private banks.
- (19) Operating hours of the private banks are not convenient to the customers as per their expectations.
- (20) Expectations of the customers are higher than the Perceptions regarding the personal attention given by the employees of private banks, so it creates a service quality gap.
- (21) The private banks do not meet the expectations of the customers and creates a service quality gap and the reason behind this is that the private banks have not customer's best interests at heart.
- (22) The employees of the private banks do not understand the specific needs of customers. Therefore the expectations of customers are not fulfilled by the private banks and it gives a birth to the service quality gap.

Conclusion:

There are service quality gaps between the expectations and perceptions of the customers of private banks which can be discussed with the help of different dimensions of service quality models like tangibility, reliability, responsiveness, assurance and empathy. There is a very less service quality gap regarding the tangibility factor because the customers' expectations are not much higher than the perceptions. Customer gives importance to the reliability factor and the expectations of customers are much higher than the perceptions. If we discuss about the responsiveness then we also find out the deep service quality gap. Assurance is the most important dimension of the service quality and the customers have higher expectations regarding this and it creates a huge service quality gap. The expectations regarding the empathy are also not too much higher as compared to other dimensions, so the service quality gap is less as compared to other dimensions like reliability and assurance.

Suggestions to improve service quality in Stock Broking Firms:

- (1) There is no need to focus on modern looking equipment, visually appealing physical facilities and neat appearance of employees because the customers of private banks are not giving too much importance to these things.
- (2) Private Banks should fulfill their promises to do something by a certain time. So that the customers feel happy from the service delivered by the private banks.
- (3) Private Banks should show the sincere interest in solving the problem of customers, so that they feel satisfied from the service delivered by private banks.
- (4) Private Banks should perform the service right the first time and the service at the time they promise to do so and should also try to insist on error free records. It will help in increasing the reliability.
- (5) The employees in the private banks should tell the customers exactly when the services will be performed and also try to give the prompt service to the customers and also the private banks are quickly respond to customer's request. It will help in increasing the responsiveness.
- (6) The employees in private banks should instill confidence in customers and consistently courteous with customers, so that customers feel safe in transactions with the private banks.
- (7) The employees of private banks should have that much knowledge to answer the questions of customers and this gives birth to a very large service quality gap.
- (8) Private Banks should give the individual attention given to the customers and operating hours of the stock broking firms should be convenient to the customers as per their expectations. Private Banks should have customer's best interests at heart and should understand the specific needs of customers.

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