



Measure of Service Quality of Private Sector Bank in Ahmedabad

KEYWORDS

Service quality, importance, Servqual model and bank

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ABSTRACT

This paper examines the influence of perceived service quality on customer satisfaction perusing an adaptive Servqual Model frame work in private sector banks. Servqual Model dimension and gaps are calculated and estimates are shown to provide a banking institution with reliable information for use in positioning the private banks in its market place. The paper concludes that increase in service quality of the banks can develop customer satisfaction which ultimately retains valued customers.

INTRODUCTION

It has become essential for the banks to identify what the customer's requirements are and how those customer requirements can be met effectively. Days where product and price differences are unclear, superior service by the service provider is the only differentiator left before the banks to attract, retain and partner with the customers.

Benefits of Service Quality

- o Increased customer satisfaction, improved customer retention and financial performance.
- o Positive word of mouth.
- o Enlarged market share.

Parasuraman, 'Service quality is determined by the differences between customer's expectations of services provider's performance and their evaluation of the services they received.

Dimensions of service quality:

- o Tangibles: Appearance of physical facilities, personal and communication materials.
- o Reliability: Ability to perform the promised service dependably and accurately.
- o Responsiveness: Willingness to help customers and provide prompt service.
- o Assurance: Knowledge, courtesy of employees and their ability to convey trust and confidence
- o Empathy: Caring, individualized attention the firm provides its customers.

The measurement of perceived service quality derives from gap analysis, conducted during the end of the 1980's. It was developed to help managers to analyze the sources for quality problems and how to improve service quality.

- o Gap 1: Difference between consumers' expectation and management's perceptions of consumers' expectations
- o Gap 2: Disparity between management's perceptions of consumer's expectations and service quality
- o Gap 3: Variations between service quality specifications and service actually delivered
- o Gap 4: Difference between service delivery and the communications to consumers about service delivery
- o Gap 5: Difference between consumer's expectation and perceived service; this gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side.

PURPOSE

The main purpose of this study theoretically is finding how applicable the SERVQUAL is in the context of PSB and describe how customer perceive service quality and whether

they are satisfied with service offered by this Bank.

PROBLEM STATEMENT

The statement of problem is "To know the service quality of PSB" The major problems for this project are to explore knowledge for service quality improvement, and the continuing trend of service quality improvement in PSB.

OBJECTIVES

- o To analyze the impact of service quality and customer satisfaction of PSB.
- o To know customer expectation of service.
- o To know which dimension is working well and which is not working well and need improvement so that quality of service of PSB is enhanced.

SCOPE

This study is restricted to 1 PSB of Ahmedabad only.

LITREATURE REVIEW

Quality is the keyword for survival of organizations in the global economy. Competitiveness of a firm in the post-liberalized era is determined by the way it delivers customer service. Firms with high service quality pose a challenge to other firms.

Customer Expectation Compared to Perception

Parasuraman et al, 1985; Lewis and Mitchell, 1990 service quality is considered 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, p.47) identified 10 determinants used in evaluating service quality; reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer, and tangibles. Most of these determinants of service quality require the consumer to have had some experience in order to evaluate their level of service quality ranging from ideal quality to completely unacceptable quality. This has more explanatory power than measures that are based on the gap between expectation and performance.

Customer satisfaction

Oliver (1981) Churchill and Surprenant, (1982) introduced the expectancy-disconfirmation model for studies of customer satisfaction in the retail and service industry. The expectancy-disconfirmation model asserts that customer satisfaction is a direct function of subjective disconfirmation. That is, the size and direction of disconfirmation determine, in part, the level of satisfaction. When "confirmation" occurs, customers are believed to remain neither satisfied nor dissatisfied. Both

expectations and perceptions also have been found to influence customer satisfaction and subjective disconfirmation under various circumstances

Customer Value

Zeithaml, 1988, Customer value can be broadly defined as the customers overall assessment of the utility of a product based on perceptions of what is received and what is given. A number of researchers have investigated the role of customer value in consumption contexts.

Woodruff(1997) laid out a customer value hierarchy model in which customer value was viewed as a hierarchically structured construct at levels of consumption goals and attributes. According to him, customer value resides in every stage of customer's expectancy-disconfirmation process.

RESEARCH METHODOLOGY

It is a framework of conducting the research project.

TYPE OF RESEARCH

Descriptive Research

Descriptive is undertaken to describe the situation, community, phenomena, outcome or program. The main goal of this type of research is to describe the data and characteristics about what is being studied. So in this research Descriptive Research is used.

DATA TYPE

Primary Data

This was collected by means of questionnaire and analysis was done according to responses received from the customers.

Secondary Data

Secondary data are collected from websites, journal, magazine etc.

DATA COLLECTION METHOD

It was accomplished through a facilitated survey method which utilized an adapted SERVQUAL form that utilized the Likert scale to assess customer attitudes along the five customer service quality dimensions listed above. The application of the SERVQUAL is to know customer expectation tool in this Research Paper. The adapted SERVQUAL instrument was administered to PSB in Ahmedabad.

SAMPLE UNIT

1 of the PSB in Ahmadabad

SAMPLE SIZE

100 Customers

SAMPLING TECHNIQUE

Random Sampling

It is a type of probability sampling. The selection of a random sample; each element of the population has an equal chance of been selected and each individual is chosen randomly and entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process. So Random Sampling is used.

DATA ANALYSIS

Age

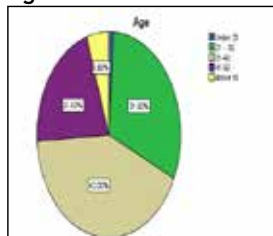


Figure 1

Interpretation:

In Figure 1 most of the respondents are in the age group between 31 to 40 years i.e. 42%

Qualification



Figure 2

Interpretation:

In Figure 2 most of the respondents are graduate i.e. 57%

Profession

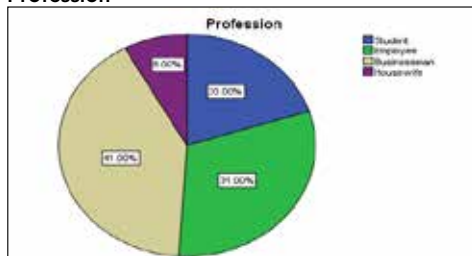


Figure 3

Interpretation

In Figure 3 most of the respondents are businessman 41% and 31% are employees

What kind of account do you maintain in this bank?

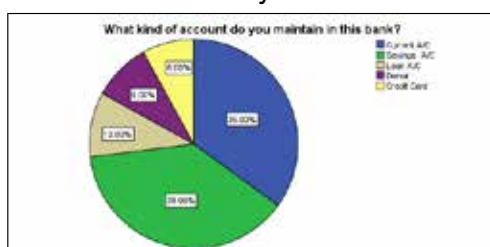


Figure 4

Interpretation

In Figure 4 most of the respondents have Saving A/C i.e. 38% and Current A/C 35%

Tangibility Dimension (1 to 3)

Are equipment for automatic transactions, inquiries and product bulletin adequate?

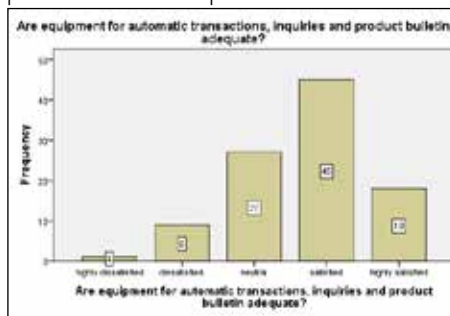


Figure 5

Interpretation

In Figure 5 most of the respondents i.e. 45% are satisfied with the product bulletins, inquiries and transactions.

The service provider has locations convenient to all its customers?



Figure 6

Interpretation

In Figure 6 most of the respondents i.e. 47% are satisfied with the product and locations.

Are you satisfied with the bank statement? Is it visually clear?

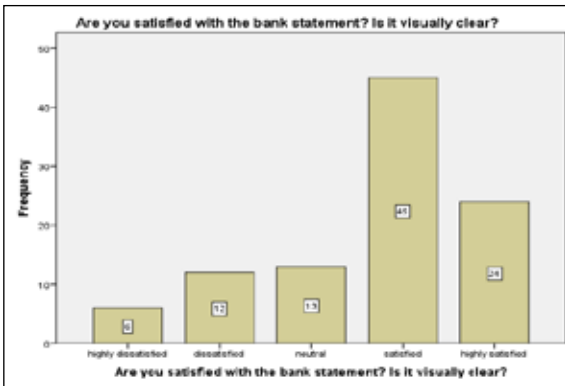


Figure 7

Interpretation

In Figure 7 most of the respondents i.e. 45% are satisfied with the bank statement.

Reliability Dimension (4 to 6)

Are you satisfied with the services provided by the bank as promised?

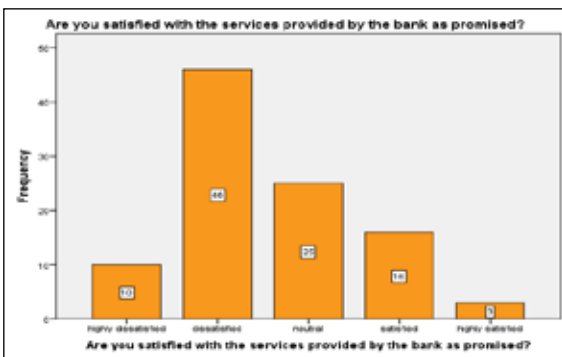


Figure 8

Interpretation

In Figure 8 most of the respondents i.e. 46% are dissatisfied with the bank service provided as promised.

When you have a problem, the service provider shows a sincere interest in solving it?

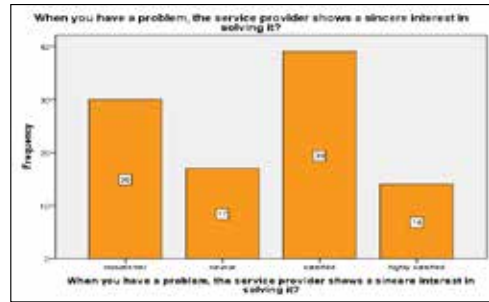


Figure 9

Interpretation

In Figure 9 most of the respondents i.e. 39% are satisfied service provider shows a sincere interest in solving it.

Thus the bank provides error free records?

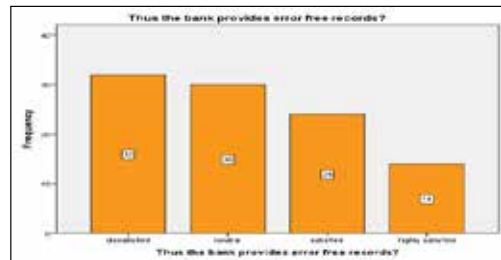


Figure 10

Interpretation

In Figure 10 most of the respondents i.e. 32% are dissatisfied and 30% are neutral.

Responsiveness Dimension (7 to 9)

Are employees always willing to help customers?

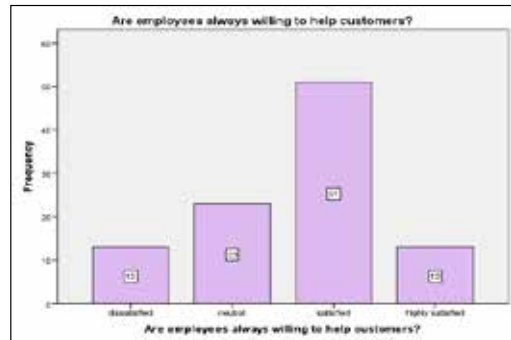


Figure 11

Interpretation

In Figure 11 most of the respondents i.e. 51% agree employees are always willing to help customers.

The employees give a prompt service?

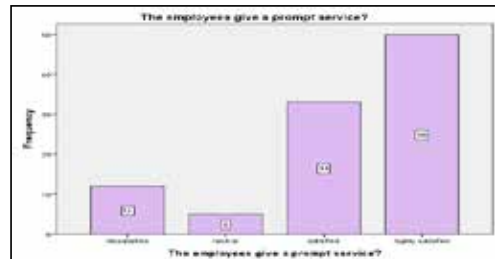


Figure 12

Interpretation

In Figure 12 most of the respondents i.e. 50% are highly satisfied employees give prompt services.

Are you satisfied with the way bank informs about the time when service will be performed?

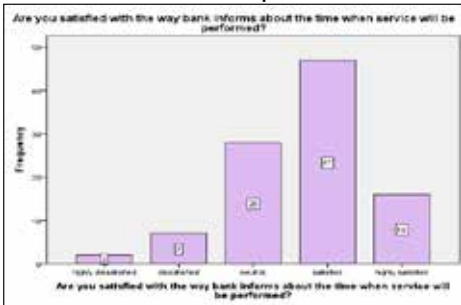


Figure 13

Interpretation

In Figure 13 most of the respondents i.e. 47% are satisfied that bank informs when service will be performed.

Assurance Dimension (10 to 12)

Do you feel safe in your transaction with bank?

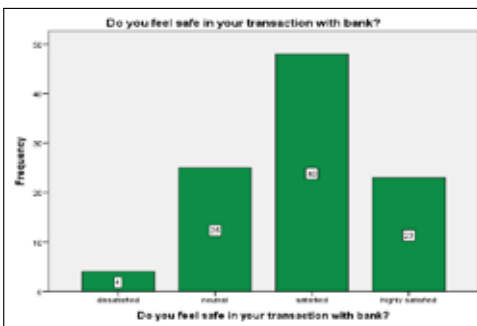


Figure 14

Interpretation

In Figure 14 most of the respondents i.e. 48% agree that they feel safe in transaction with bank.

Do you think that your bank caters all your banking needs?

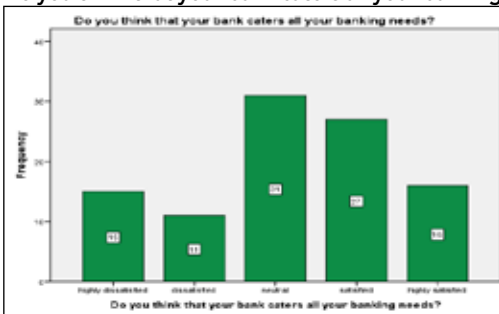


Figure 15

Interpretation

In Figure 15 most of the respondents i.e. 31% are neutral satisfied about banking needs.

Are you satisfied by the employee's behavior of showing consistently courteousness towards you?

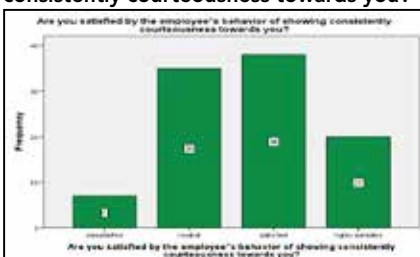


Figure 16

Interpretation

In Figure 16 most of the respondents i.e. 38% are satisfied about courteousness towards them.

Empathy Dimension (13 to 15)

Do they have convenient operating hours?

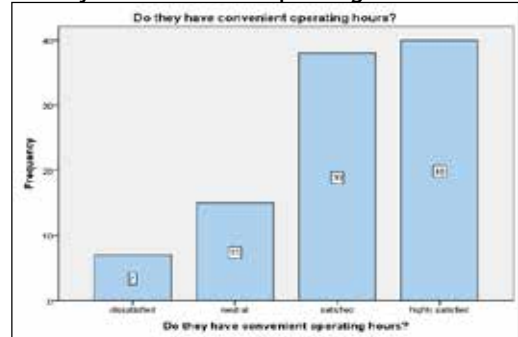


Figure 17

Interpretation

In Figure 17 most of the respondents i.e. 40% are highly satisfied with operating hours.

Do they give personal attention?

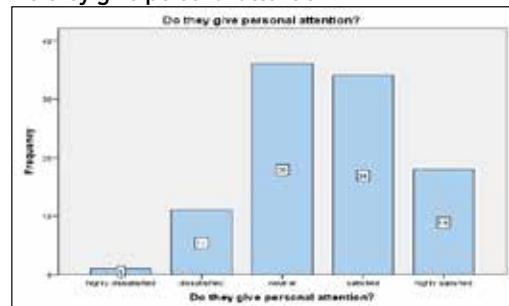


Figure 18

Interpretation

In Figure 18 most of the respondents i.e. 36% are neutral that employees give personal attention.

The employees of bank understand your specific needs?

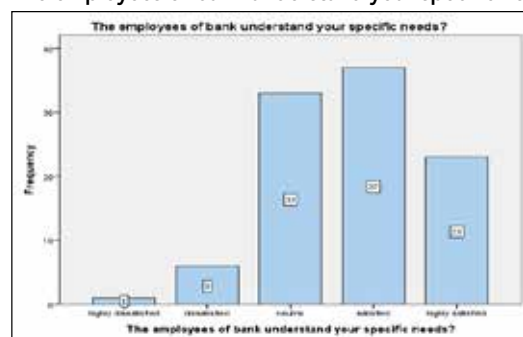


Figure 19

Interpretation

In Figure 19 most of the respondents i.e. 37% agree that bank understand their specific needs.

SCORE OF EACH DIMENSION

DIMENSION	SCORE (out of 15)
Tangibility (1 to 3)	12
Reliability (4 to 6)	8
Responsiveness (7 to 9)	13
Assurance (10 to 12)	11
Empathy (13 to 15)	12

FINDINGS

- o Responsiveness has the highest score because employees give first preference to customers and always ready to solve their problems.
- o Tangibility and Empathy is at second position. Tangibles are good as they are convenient to their customers. Empathy is also good as they have convenient operating hours, give personal attention.
- o Assurance it is at third position. Though customers feel safe in doing transaction, satisfied by the employee's behavior but many customers are neutral whether they cater all banking needs or not.
- o The lowest score is of Reliability because though employee's shows sincere interest in solving the problem but they are not satisfied by the promised time and records they give they are not error free.

RECOMMENDATIONS

- o Reliability is the very critical dimension. To remove this gap, employees should be well trained and comprehensive with information all times so that they can give satisfied service as promised.
- o Responsiveness could be more better if they are always

encouraged to a relevant options as if desire to serve.

- o Tangibles of bank are pleasing. They should maintain this because due to this people tend to visit bank again and again and they become very familiar to bank.
- o In assurance they should cater all the banking needs and try to fulfil customer needs to gain confidence in them and by understanding needs they can enhance their services, lower banking cost and increase investment potential.

CONCLUSION

It can be concluded that responsiveness, assurance and reliability are the critical dimensions related to service quality. The employees give prompt services, always ready to answer the questions. The main sources of dissatisfaction not satisfied by the promised time service, records are not error free. The reliability dimension is highly disappointing and improvement is needed. To satisfy these customers, the management can take some attempts, as recommended. The study brings about the areas which needs improvement. Thus banking industries must continuously measure and improve these dimensions in order to gain customers' loyalty.