Study of Correlation Between Customer Satisfactions of Public Sector Banks With Various Dimensions of Service Quality

KEYWORDS

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ABSTRACT *Satisfaction of customer is one of the major issues not only for product manufacturers but also for the business offering services. Satisfied customers come back again to avail services and can be easily converted into loyal customers. Their echoing of satisfaction also brings new customers thus help in multiplying business and grabbing market shares. The increased awareness of customers, availability of numerous alternatives, new technologies and information technologies are compelling the companies to satisfy their customers. The present study focuses on the dimensions of the services provided by public sector banks which are responsible for the satisfaction of the bank customers. Thus the relationship between the customer satisfaction and different dimensions of service like Tangibility, Assurance, Responsiveness, Reliability and Empathy has been examined through Pearson coefficient to achieve the objective of the study. The result indicates that though all the dimensions are correlated with customer satisfaction, Reliability is most highly correlated followed by Assurance and Empathy is least correlated with the customer satisfaction.*

Introduction:

Customer Satisfaction is a debated topic during both business expansions and recessions. Kolter and Armstrong[1] (1999) defined the customer satisfaction as the customer's perception that compare their pre-purchase expectations with post purchase perception. Oliver[2](1997) defines satisfaction as "the consumer's fulfillment response", a post consumption judgment by the consumer that a service provides a pleasing level of consumption-related fulfillment, including under or over-fulfillment. Customer satisfaction is the customers' evaluation of services after purchase as opposed to their expectation (Zeithaml & Bitner[3], 2000).

Fonvielle[4] (1997) emphasized the customer satisfaction as the only way to business success. Customer satisfaction is the overall evaluation to services. It is the reflection customers make to their previous purchase. If it always exceeds their expectation, their loyalty increases. Customer satisfaction should be highly valued in business (Ostrom & Iacobuci,[5] 1995; Hou & Yao [6], 1995; McAlexander et al 7., 2003).

Banks are one of the most important component of any country. It plays a very significant role in the economy of a country. It is central to a nation's economy as it caters to the needs of credit for all the sections of the society. India is not only the world's largest independent democracy, but also an emerging economic giant. Without a sound and effective banking system, no country can have a health economy.

The success of a business depends on how its customers perceive it. The more satisfied the customers, the more the loyalty and more is the business. Satisfied customers are the ambassador of the business is their satisfaction echoed outside which help in improving the image of the business as well expansion of it. And therefore service organizations have begun focusing on the customer perceptions of service quality because it helps in developing strategies that lead to customer satisfaction Saravanan & Rao8 (2007).

The main objective of the study is to measure the dimensions of services which are responsible for the satisfaction of customers of banking sectors of Indore with various.

Literature Review

Satisfaction of customer is one of the major issues not only for product manufacturers but also for the business offering services. The increased awareness of customers, availability of numerous alternatives, new technologies and information technologies are making compelling the companies to satisfy their customers.

Many studies have been conducted to examine the satisfaction and intention of banking customers (Moutinho and Smith9, 2000; Mihelis et al10., 2001; Wirtz 11, 2003; Laforet and Li 12, 2005; Liu et al 13., 2008;; Bamdad and Rafiei 14, 2009; Udo et al 15., 2010; Gilaninia and Mosavian 16, 2010; Kazemi and Mohajer 17, 2010; Samadi and eskandari18, 2011; Grigoroudis et al. 19, 2012). Researcher suggested that good service quality help to retain the existing customers, acquiring new, reducing costs, improve profitability, generate positive word to mouth canvassing and help in enhancing corporate (Berry et al 20., 1989; Reichheld & Sasser 21, 1990; Rust & Zahorik 22, 1993; Cronin et al 23., 2000; Kang & James 24, 2004; Yoon & Suh 25, 2004.

Abu Muammar's 26(2005) Study entitled "banking service quality measurement in banks operating in the Gaza Strip, Palestine", aimed to test the relationship between service quality and customer satisfaction, the study found the need to understand customer expectations in order to provide the best banking service, and achieve satisfaction. And customer loyalty depends primarily on the assessment of the quality of bank service. The study recommended the need to increase confidence between customer and bank and take more interest in speed and accuracy and in the provision of banking services.

Siddiqi27(2010) studied the applicability of service quality of retail banking industry in Bangladesh and reported that service quality is positively correlated with customer satis-

faction. Empathy was found to be highest positively correlated with customer satisfaction followed by Assurance and Tangibility.

Contrary to this Zaim, Bayyurt and Zaim 28 (2010) found tangibility, reliability and empathy more important for customer satisfaction.

Research Design
In this study descriptive cross sectional design has been used to carry out the research.

Population
The population for study is the people of Indore who are having bank account in any of the public sector banks.

Data Collection Instruments - Questionnaire
Research is based on primary information. collected through self administered questionnaire which was distributed to the customers and collected after its completions.

5 dimensions -Tangibles, Reliability, Responsiveness, Assurance, and Empathy have been divided into 22 statements to measure service quality in the public sector banks

Scale for measurement: The five point scale (5-Strongly agree, 4 –Agree, 3-Neutral, 2- Disagree and 1- Strongly Disagree) has been used to measure the satisfaction of the customers. and their correlation with various dimensions of service.

Hypothesis
Hypothesis 1:
Ho: Tangibility has no significant relationship with customer satisfaction of Public sector banks.

Ha: Tangibility has significant relationship with customer satisfaction of Public sector banks.

Hypothesis 2:
Ho: Reliability has no significant relationship with customer satisfaction of Public sector banks.

Ha: Reliability has significant relationship with customer satisfaction of Public sector banks.

Hypothesis 3:
Ho: Responsiveness has no significant relationship with customer satisfaction of Public sector banks.

Ha: responsiveness has significant relationship with customer satisfaction of Public sector banks.

Hypothesis 4:
Ho: Assurance has no significant relationship with customer satisfaction of Public sector banks.

Ha: Assurance has significant relationship with customer satisfaction of Public sector banks

Hypothesis 5:
Ho: Empathy has no significant relationship with customer satisfaction of Public sector banks.

Ha: Empathy has significant relationship with customer satisfaction of Public sector banks

Statistical Tools: For testing the hypothesis of Correlation between customer satisfaction and dimensions of service

quality, chi square test has been done using statistical software SPSS 17.

Data Analysis
Demographic profile of the customers

The bank customers who were surveyed for the studies are the respondents for the study. The

profile of them is as follows:

Table No 1
Demographic analysis of sample

Parameters		Frequencies	Percentages
Gender	Male	61	76.3
	Female	19	23.8
Marital Status	Married	50	62.5
ried	Unmar-	30	37.5
Age 21-30Years		20	25
Years	31-40	13	16.3
Years	41-50	41	51.3
50 Years	Above	6	7.3
Qualification	Above PG		
Graduate	Post	7	8.8
Graduate		25	31.3
		41	51.3
Graduate	Below	7	8.8
Occupation			
Student		12	15
Service		52	77.5
Business		6	7.5

Out of 80 respondents , Only 19 were females and 61 were male the percent wise distribution of gender is 76.3 percent male and 23.8 percent are female. On examining the table it has been found that out of 80 respondents, 50 are married while 30 are unmarried. Thus 62.5 percent respondents are married and only 37.5 percent are unmarried. The respondent's age have been grouped in four groups- 21-30, 31-40, 41-50 and above 50 and the result shows that 20 respondents out of 80 belongs to 21-30 age group with the percentage of 25 %.41 respondents with 51.3 percentage are of 41-5- age group . 13 people belong to 31-40 and 6 people were above 50 years with the percentage of 16.3 and 7.5 percent respectively

Respondents who were classified in postgraduate, Graduate, Below post graduate and above postgraduate. 41 respondents are only graduate whose percentage is 51.3.followed by post graduate whose number is 25 and percentage is 31.3. Below and above graduate respondents are equal number and that is 7 with percentage of 8.8

Correlation of Customer Satisfaction with various Dimensions of Service Quality of Public Sector Bank:

Table No 2 represents the correlation of service quality dimensions with customer's satisfaction On examining the Table it has been found that all the dimensions of service are significantly related with the customer satisfaction. Pearson Coefficient for Tangibility is 0.799 which is significant at 0.01 levels rejecting the Null hypothesis of Hypothesis 1.

Table No 2
Correlation of Customer Satisfaction with various Dimensions of Service Quality of Public Sector Bank

S. No	Dimensions of Service Quality	Pearson Coefficient r	Significance
1	Tangibility	0.799	Significant at 0.01
2	Reliability	0.907	Significant at 0.01
3	Responsiveness	0.850	Significant at 0.01
4	Assurance	0.802	Significant at 0.01
5	Empathy	0.761	Significant at 0.01

The Pearson Coefficient for Reliability is calculated to be 0.977 which shows that there is very strong positive relationship with customer satisfaction, As the relationship is significant at 0.01 level, the null Hypothesis of the Hypothesis 2 is rejected and alternate hypothesis is accepted.

Responsiveness is also positively correlated with customer satisfaction as the r value-Pearson Coefficient is 0.799 which is significant at 0.01 level leading to rejection of null Hypothesis of Hypothesis 3.

Assurance is positively correlated with customer satisfaction and its correlation coefficient is found to be 0.802. It is significant at 0.01 level and thus Null Hypothesis of Hypothesis 4 is rejected stating Assurance has no relationship with customer satisfaction.

Similarly correlation coefficient for empathy is 0.761 respectively which indicates strong positive correlation. Thus the Null hypothesis of Hypothesis 5 is rejected leading to acceptance of alternate Hypothesis.

Reliability is the dimension which is most highly correlated as its value is 0.907, followed by Assurance.

Findings and Discussion
The correlation study of Public Bank Customer overall satisfaction with different dimensions of service qualities reveals that all the dimension of service are significantly related with the customer satisfaction and Reliability is the dimension which is most highly correlated as its followed by Assurance.

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