



A Study On Service Quality Perception of Karur Vysya Bank In Namakkal

KEYWORDS

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ABSTRACT Post liberalization, Indian banking sector which was traditionally dominated by private sector banks has become very competitive with the advent of public sector banks. In a new competitive scenario, service quality has become an important competitive tool. For this purpose, 293 sample respondents have been taken for the study. The primary data has been collected through well structured questionnaire by using random sampling method. The study conducted in Namakkal district. The research found that when compared with customers' expectations, reliability dimension of service quality shows the highest shortfall considering all banks together and the dimension of assurance shows the smallest gap.

1. INTRODUCTION

A survey of literature shows that service quality has significant relationship with the financial performance of a firm (Rust and Zahorik 1993; Rust et al 1995), with the customer satisfaction (Bolton and Drew 1991a, b; Cronin and Taylor 1992, 1994; Boulding et al 1993) and with the behavioral consequences such as propensity to recommend and loyalty intention of customers (Zeithaml et al 1996). As service quality is a very important factor which influences performance of the organization (here the banking organization), banks will, it is hoped, benefit from the study by suitably framing or developing systems and procedures for service enhancement and improving the existing ones.

The early conceptualization of service quality defined that the service quality resulted from a comparison of perceived performance of the service with the expected service based on disconfirmation paradigm. (Gronroos 1982, 1984; Lehtinen and Lehtinen 1982; Parasuraman, Zeithaml and Berry 1985, 1988; LeBlanc and Nguyen 1988). Based on this disconfirmation paradigm, Parasuraman et al (1985, 1988) developed SERVQUAL instrument where the difference (gap) between perceived performance (P) and expectation score (E) measured the service quality. Although several researchers such as Cronin and Taylor (1992) and Teas (1993, 1994) questioned the disconfirmation paradigm of SERVQUAL and advocated for performance-only conceptualization of service quality, Parasuraman et al (1994) addressed those criticisms and demonstrated that SERVQUAL would be the better scale for the measurement of service quality from the diagnostic point of view and for the subsequent managerial decisions of resource allocation for quality improvement. Here, we have used SERVQUAL instrument to measure the service quality. SERVQUAL has the following five generic dimensions of service quality:

- Tangibles (appearance of physical elements)
- Reliability (dependable and accurate performance)
- Responsiveness (promptness and helpfulness)
- Assurance (competence, courtesy, credibility and security)
- Empathy (easy access, good communication, and customer understandings)

customer understandings)

With the initiatives of financial sector reforms, competition among the banks has increased, as barriers to entry have been sharply reduced. Economics of scale and scope are being exploited for facing competition. Efficiency and profitability have, as a result, become critical objectives to be aimed at, besides the increased openness of the economy and improved freedom to operate in different financial markets. The portfolio shifts have necessitated positioning more stringent supervisory norms on the lines of international best practices to ensure strong fundamentals of Indian Banking System. However, notwithstanding the various policy measures aimed at strengthening the Indian banking system, the different segments of the banking system do not seem to be operating at the same levels of efficiency and profitability because of some inbuilt structural characteristics of individual banks.

2. RESEARCH OBJECTIVES

Measurement of service quality in Karur Vysya Bank in Namakkal.

3. RESEARCH DESIGN

The SERVQUAL measuring instrument developed by Parasuraman et al. (1988, 1994) was adapted and used for measurement of service quality in Karur Vysya Bank. Total 293 customers of Karur Vysya Bank were chosen using purposive sampling and they were interviewed personally.

4. RESULTS AND DISCUSSION

The socio-economic details of the selected sample respondents are given below. There were more male respondents (73.7%) compared to female respondents (26.3%). Majority of the respondents were less than 49 years of age (91.4%). Occupation wise sample consists of more respondents having service background (45.4%) than owning business (33.8%). Rests of the respondents were students, and housewives so on. Majority of the customers (65.9%) were saving account holders as compared to current account holders (34.1%).

5. SERVICE QUALITY MEASUREMENT

As per Table 1, the overall picture of service quality can be briefed as follows. When compared with customers' expectations, reliability dimension of service quality shows the highest shortfall considering all banks together and the dimension of assurance shows the smallest shortfall.

Table 1
Service Quality Measurement across the Five Dimensions for the Overall Sample of Karur Vysya Bank

Service Quality	Expectation Score	Perception Score	Quality Gap
Tangibility	6.073	5.245	-0.828
Reliability	6.101	5.270	-0.831
Responsiveness	6.066	5.317	-0.749
Assurance	6.097	5.448	-0.649
Empathy	6.008	5.223	-0.785
Overall	6.069	5.301	-0.768

As the widest negative gap shows the largest shortfalls in service quality, Karur Vysya Bank must give highest priority to that aspect of service quality improvement subject to the importance of the dimension.

6. FINDINGS AND CONCLUSION

It is found from the analysis that Karur Vysya Bank must give highest priority to that aspect of service quality improvement subject to the importance of the dimension. When compared with customers' expectations, reliability dimension of service quality shows the highest shortfall considering all banks together and the dimension of assurance shows the smallest gap. The type of account is the demographic variable in the given context that could be used to profile the two segments. Responsiveness is the most important dimension in influencing overall quality perception, overall customer satisfaction, likelihood for recommendation and loyalty intention. The tangible is the second most important dimension in influencing the above constructs.

7. REFERENCES

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