

**ABSTRACT**

*Banking industry has evolved into one of the most competitive industry in India after the economic liberalization and the entry of new private sector banks in the market. The public sector banks have been feeling the crunch to maintain their business and live up to the expectation of the customers for the last few years. Service quality is the most important factor which influences the customer retention and acquisition of new business. The service quality gap or the gap between the customer expectation and customer perception of service plays the pivotal role in customer attrition and loss of business. In this context every segment of customers and their perception on service quality is important. A stratified convenience sampling was done with a total sample size of 60. The findings show that empathy and responsiveness are the most important dimensions as far this segment of customers is concerned. The tangibility is the least important dimension which influences the segment of customers. The results of this study can help the management to formulate strategies to satisfy this segment by improving on human dimensions like empathy and responsiveness by imparting suitable trainings.*

**KEYWORDS**

service quality, empathy, responsiveness, tangibility, expectation, reliability ,assurance

**1. INTRODUCTION**

**1.1 SERVICES QUALITY**

According to Asubonteng et al., (1996), due to intense competition and the hostility of environmental factors, service quality has become a cornerstone marketing strategy for companies. This highlights how important improving service quality is to organizations for their survival and growth in the market as it could be a critical factor to be competitive in markets. This has lead to a situation that service-based companies are compelled to provide excellent

services to their customers in order to have a clear competitive advantage. It has become inevitable for these organizations to understand the intricacies of service quality in order to attain their business objectives.

In service marketing literature, service quality is generally defined as the overall assessment of a service by the customers, (Eshghi et al., 2008, p.121) or the extent to which a service meets customer's needs or expectations, Asubonteng et al., (1996). Parasuraman et al., (1985) define service quality as "The discrepancy between consumers' perceptions of services offered by a particular firm and their expectations about firms offering such services". If what is perceived is below expectation, consumer judges quality as low and if what is perceived is meets or exceeds expectation then consumer sees quality to be high. Critical component of service quality identified are; consumer's expectation which is seen as what they feel service provider should offer and this is influenced by his/her personal needs, past experience, word-of-mouth and service provider's communications, Parasuraman et al., (1985, p.49). However, this meaning of expectation is that of service quality literature which is different from expectation in the customer satisfaction literature which defines

expectation as predictions made by consumer about what is likely to happen during an impending transaction. Consumers' perception of performance is what he/she experiences, (Parasuraman et al., 1988, p.17). Generally, it is interesting to study expectations and experiences of consumers in many different contexts.

According to Douglas & Connor, (2003, p.166), Parasuraman et al., (1985, p.42), and Ladhari, (2008, p.172), the intangible elements of a service (inseparability, heterogeneity and perishability) are the critical determinants influencing service quality perceived by a consumer. This means that a service must be well defined by the provider in terms of its characteristics in order to understand how service quality is perceived by consumers. According to Johns, (1999, p.954), a service could mean an industry, a performance, an output, an offering or a process and it is defined differently in various service industries. According to Christopher Lovelock, Services are activities, performance or deeds performed by one party to another which are essentially intangible in nature and does not result in the ownership of anything. Its production may or may not be tied to a physical product. The differences in service industries are based on the characteristics of service which include; intangibility, heterogeneity, perishability and inseparability. Intangibility means there is no physical product, nothing to be touched, tasted, smelled or heard before being purchased and this therefore means that it is difficult for consumer to understand the nature of what they receive. This means that service providers must try to determine the level of intangibility of services and try to include tangible elements that could aid understanding of expectation from the consumer's perspective (Beamish & Ashford, 2007, p.240). Heterogeneity means that, difference which comes in at the level of delivery of service due the difference in human behavior of those offering services and the consumer. Example It occurs when a salesperson offers assistance to one customer at the counter, that same person cannot offer exactly the same thing to the next customer because of differences in behavior's. This is why it is difficult to determine the quality and level of service provided since consumers and service providers are different, the same consumer could act differently with the same service provider (Beamish & Ashford, 2007, p.241). Perishability means that, since services are produced and consumed at the same time implying they cannot be stored for later usage. If the service is not used then, it cannot be used again. This does not however hold in every service industry (Beamish & Ashford, 2007, p.241). An example occurs when a person books a hotel room for a night and does not use it, no other person can use at that same time. Inseparability means services are consumed as they are purchased. An example is seen when a consumer is making a telephone call, he/she consumes the service while paying the charges. This implies that the consumer is involved in the production and delivery of the service meaning he/she takes special note of what is actually produced by the service provider (Beamish & Ashford, 2007, p.240). These above-mentioned aspects of service make it very difficult measure service unlike product quality which is measured objectively using factors such as durability and number defects because of its tangible nature quality (Parasuraman- et al., 1988, p.13). Gronroos, (1982, p.36-43), developed the first

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model to measure service quality. He identified three components of service quality; the technical quality is concerned with what is delivered (outcome), the functional quality deals with the process of service delivery (how it is delivered) and the image quality which is identified as corporate image of company resulting from both technical and functional qualities of service components. The technical quality component of products unlike services is easy to assess because they are concerned with tangibility (servicescape) such as physical features that are visible to the consumer. Servicescape is defined as the physical facilities of a service company and this concept is related to the SERVQUAL model in that the tangible aspects of the physical environment are covered in the SERVQUAL model. Servicescape therefore plays a great role in that it influences customers' evaluations of other factors determining perceived service quality like empathy, reliability, responsiveness, and assurances (Reimer & Kuehn, 2004, p.785). William & Dargel, (2004, p.310) further suggest that, servicescape is more in-service setting because of the unique characteristics of services (intangibility, perishability, inseparability and

heterogeneity). Summarily, servicescape is very important in the delivery of services and affects perceived service quality which further leads either customer satisfaction or not.

## 1.2. SERVICE QUALITY MODELS

The SERVPERF model developed by Cronin & Taylor, (1992), uses the performance approach method which measures service quality based on customer's overall feeling towards service. This model is good to measure service quality but does not provide information on how customers will prefer service to be in order for service providers to make improvements. Teas, (1993), developed the Evaluated Performance model which measures the gap between perceived performance and the ideal amount of a dimension of service quality, rather than the customer's expectation. This was to solve some of the criticism of some previous models Gronroos, (1984); Parasuraman et al., (1985, 1988). Parasuraman et al., (1985), developed a model of service quality after carrying out a study on four service settings: retail banking, credit card services, repair and maintenance of electrical appliances, and long-distance telephone services. The SERVQUAL model represents service quality as the discrepancy between a customer's expectations of service offering and the customer's perceptions of the service received Parasuraman et al., (1985). This makes it an attitude measure. What this model strives to measure exactly is the consumer perception of the service quality which depends on the size of the gap between expected service and perceived service which in turn, depends on the gaps under the control of the service provider such as delivery of service, marketing, (Parasuraman et al., 1985). This measurement of service quality is based on both on how consumer evaluates the service delivery process and the outcome of the service, (Parasuraman et al., 1985, p.42). A good service quality is considered as one which meets or exceeds consumer's expectation of the service (Parasuraman et al., 1985, p.46).

The SERVQUAL model was made of ten dimensions of service quality when created; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer, and access, Parasuraman et al., (1985, p.47-48) but later on these dimensions were reduced to five because some dimensions were overlapping (communication, credibility, security, competence, courtesy, understanding customers and access) and they included, Tangibles- physical facilities, equipment's, and staff appearance.

Reliability- ability to perform the promised service dependably and accurately;

Responsiveness- willingness to help customers and provide prompt service;

Assurance- knowledge and courtesy of employees and their ability to inspire trust and confidence;

Empathy- caring, individual attention the firm provides its customers (Parasuraman et al., 1988, p.23). These dimensions mainly focus on the human aspects of service delivery (responsiveness, reliability, assurance, and empathy) and the tangibles of service. According to study carried out by

Ladhari, (2009), it is recommended that the SERVQUAL model is a good scale to use when measuring service quality in various specific industries but that it is appropriate to choose the most important dimensions of this model that fit to that particular service being measured in order to assure reliable and valid results. In this regard, we will use this model because it takes into account customer's expectation of a service as well as perceptions of the service which is best way to measure service quality in service sector (Shahin, 2005, p.3). Buttle, (1996, p.8) makes mentions of several researchers that have used the SERVQUAL model in various industries (retailing, restaurants, banking, telecommunication industry, airline catering, local government, hotels, hospitals, and education). He further suggests that service quality has become an important topic because of its apparent relationship to costs, profitability, customer satisfaction, customer retention and positive word of mouth and it is widely considered as a driver of corporate marketing and financial performance. In our study, we are more interested in-service quality and customer satisfaction by using the SERVQUAL model to assess them in banking service.

**TABLE 1: DIMENSIONS OF SERVICE QUALITY BY PARASURAM ET AL.**

<b>1980s (10 dimensions framed)</b>	<b>1990s (10 dimensions merged to 5)</b>	<b>Objectives</b>
<b>1. Reliability</b>	<b>1. Reliability</b>	The ability to perform the promised service dependably and accurately
<b>2. Responsiveness</b>		
<b>3. Competence</b>	<b>2. Empathy</b>	Caring, individualized attention provided to customers.
<b>4. Access</b>		
<b>5. Courtesy</b>	<b>3. Assurance</b>	The knowledge and courtesy of employees and their ability to convey trust and confidence
<b>6. Communication</b>		
<b>7. Credibility</b>	<b>4. Responsiveness</b>	The willingness to help customers and to provide prompt service.
<b>8. Understanding/ knowing the customer</b>		
<b>9. Tangibles</b>	<b>5. Tangibles</b>	The appearance of physical facilities, equipment, personnel and communication materials
<b>10. Security</b>		

SERVQUAL model a multi-dimension model proposed by Parasuraman et al., as a result of their

extensive research on service quality, has been a significant model in research on the area of service quality in various context. These dimensions, revealed by the factor analysis, were named as tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer, and access. Later in nineties some of the original dimensions were combined, leading into a five-dimensional index: tangibles, reliability, responsiveness, assurance (credibility, security, competence, courtesy) and empathy (communication knowing/understanding the customer, and access).

## **2. OBJECTIVES OF STUDY**

1. Study the customer expectation about the service offering and service quality of public sector bank with reference to Union bank and find out the gap between customer perception and expectation by using SERVEQUAL Model.
2. Study the perception of service quality among the customers.

## **3.SIGNIFICANCE OF THE STUDY**

Every research work conducted has its own significance and importance. This study also has some constraints but at the same time has its own significance and importance. The below mentioned points highlight the importance of this study.

- To identify the service gap and suggest a better solution to bridge the service gap in this particular area of study.
- To suggest how to give more value to the customer, so that customer and bank is benefitted.
- To assist for service recovery.

## **4.RESEARCH DESIGN**

A descriptive research approach was followed in this study. The existing system was studied in a time frame and analyzed using descriptive analysis and results presented.

### **4.1 SOURCES OF DATA**

The data required for the present study are collected from both secondary and primary sources.

- The secondary data was collected from internet, journals and other literatures.
- The primary data was collected from customers of the specific segments through structured questionnaires.

### **4.2 METHOD OF DATA COLLECTION**

The researcher has collected relevant literature and other information related to the topic from the online sources and journals. For primary data, structured questionnaires were administered and personal interviews conducted wherever necessary to elicit relevant information.

#### 4.3 DATA COLLECTION INSTRUMENTS

The research data was collected from the respondents by means of a structured questionnaire, which consists of some close ended questions and rating scales. A translator was used in some cases when the respondent was not comfortable with English.

#### 4.4 TOOLS AND PARAMETERS

The following parameters and tools were used to collect the primary data from the sample respondents

**TABLE 2: STATEMENTS USED TO EXTRACT DIMENSION SCORES**

Sl. no		Expected	Actual
1.	Banks have modern equipment's and machines like ATM & CDM		
2.	Facilities provided inside bank and lobby are good and attractive		
3.	Bank officials and staff are well dressed and neat in appearance		
4.	Posters, Notices, Signboards, Forms etc. are visually attractive		
5.	If bank promise to do something by a certain time, they do		
6.	When you have a problem, bank shows a sincere interest in solving it.		
7.	Always bank performs the service right the first time itself.		
8.	The bank provides its service at the time it promises to do so.		
9.	The bank insists on error free records.		
10.	Bank employees tell you exactly when the services will be performed		
11.	Employees in the bank give you prompt service.		
12.	Employees in the bank are always willing to help you.		

13.	Employees in the bank are never too busy to respond to your request.		
14.	The behavior of employees in the bank gives you confidence.		
15.	You feel safe in your transactions with the bank.		
16.	Employees in the bank are consistently courteous with you.		
17.	Employees in the bank have the knowledge to answer your questions.		
18.	The bank gives you individual attention.		
19.	The bank has operating hours convenient to all its customers.		
20.	The bank has employees who give you personal attention.		
21.	The bank has your best interests at heart.		
22.	The employees of the bank understand your specific needs.		

**TABLE 3: STATEMENTS USED TO EXTRACT RELATIVE IMPORTANCE OF DIMENSIONS IN PERCENTAGES**

Features	Percentage
1. The appearance of the bank's physical facilities, equipment, personnel and communication materials. (Tangibles)	
2. The bank's ability to perform the promised service dependably and accurately (Reliability)	
3. The bank's willingness to help customers and provide prompt service. (Responsiveness)	
4. The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence. (Assurance)	
5. The caring individual attention the bank provides its customers. (Empathy)	
<b>Total:</b>	<b>100%</b>



## 5. DATA ANALYSIS

The data was collected and analyzed using statistical software package Mega stat. Descriptive analysis was done with the master data which was tabulated in spread sheets. The outputs like central tendencies mean, median, maximum, minimum, standard deviation, range etc. were obtained in the system for each set of data. The scores of the five-point scales responded by respondents for all the 22 questions were tabulated to analyze the following.

**TABLE 4: DEMOGRAPHIC PROFILE OF RESPONDENTS**

Sample Profile		Count	%
Age	Below 18	26	43.3
	19 – 30	19	31.7
	31 – 50	11	18.3
	Above 50	4	6.7
Gender	Male	49	81.7
	Female	11	18.3
Marital Status	Married	39	65.0
	Unmarried	21	35.0
Occupation	Construction Labour	15	25.0
	Furniture Labour	15	25.0
	Hotel Labour	15	25.0
	Barbers	15	25.0
	< 1 year	27	45.0

Migrated Since	1 - 3 years	22	36. 7
	3 - 5 years	8	13. 3
	> 5 years	3	5.0

**TABLE 5: CALCULATION OF UNWEIGHTED SERVQUAL SCORE**

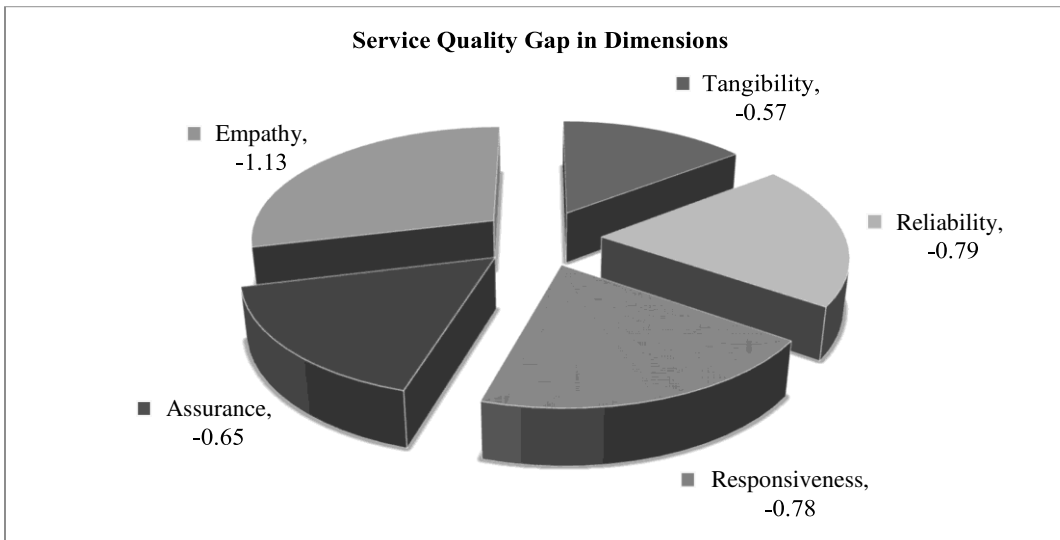
Dimension	Statement	Expectation Mean	Perception Mean	Gap Score	Average for Dimension
<b>Tangibles</b>	1	4.54	4.01	-0.53	
	2	4.50	3.91	-0.59	
	3	4.25	3.88	-0.37	
	4	4.55	3.75	-0.8	-0.57
<b>Reliability</b>	5	4.54	3.65	-0.89	
	6	4.55	3.59	-0.96	
	7	4.51	3.75	-0.76	
	8	4.53	3.71	-0.82	
	9	4.45	3.92	-0.53	-0.79
<b>Responsiveness</b>	10	4.49	3.95	-0.54	
	11	4.52	3.53	-0.99	
	12	4.55	3.54	-1.01	
	13	4.48	3.88	-0.6	-0.78
<b>Assurance</b>	14	4.55	3.92	-0.63	
	15	4.56	3.95	-0.61	
	16	4.55	3.75	-0.8	
	17	4.55	3.96	-0.59	-0.65
<b>Empathy</b>	18	4.62	3.45	-1.17	
	19	4.55	3.61	-0.94	
	20	4.65	3.42	-1.23	
	21	4.54	3.43	-1.11	
	22	4.61	3.39	-1.22	-1.13
Unweighted Average SERVQUAL score:					-0.78

**TABLE 6: SERVQUAL IMPORTANCE WEIGHTS**

Features of Dimensions	Average %
1. The appearance of the bank's physical facilities, equipment, personnel and communication materials.	15
2. The bank's ability to perform the promised service dependably	12

and accurately	
3. The banks willingness to help customers and provide prompt service.	21
4. The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence.	10
5. The caring individual attention the bank provides its customers.	42
<b>Total:</b>	<b>100</b>

**FIGURE 1: SERVICE QUALITY GAP IN RATER DIMENSIONS**



**TABLE 7: CALCULATION OF WEIGHTED SERVQUAL SCORES**

SERVQUAL Dimension	Score Unweighted Table :3	Weighting from Table :4	Weighted Score
Tangibility	-0.57	15	-8.55
Reliability	-0.79	12	-9.48
Responsiveness	-0.78	21	-16.38
Assurance	-0.65	10	-6.5
Empathy	-1.13	42	-47.4
<b>Average Weighted score:</b>			<b>-17.6</b>

The analysis of the SERVQUAL statements show that Empathy is the dimension which has maximum un-weighted and weighted gap score, whereas Tangibility is the dimension which has minimum un-

weighted and weighted gap score.

The statement number 20 has recorded maximum mean gap score followed by statement number 22, which shows the wide gap in the individual attention and empathy shown to the customers in public sector banks.

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## 6.CONCLUSION

This study measured service quality gap of public sector with reference to Union Bank by using the Servqual Model. The primary part of the empirical analysis indicated that the five dimensions of perceived service quality generally have a negative gap. It was also found that there is a huge service gap on Empathy and less on Tangibility. This study also showed that Servqual instrument is valid and reliable to measure the perceived service quality in banking service from customers and their point of view that need improvement.

The public sector Bank staff should be trained to give a better service to the customers by giving personalized and individual attention. Language also plays a crucial role in providing better experience. Bank may consider translators for better service.

## 7.LIMITATIONS

- The sample size was 60 respondents only but for better generalization of results, sample size can be increased.
- Findings are purely based on sample survey through questionnaire method. Hence there is a scope for the respondents to be biased in this study.
- The findings of the study are purely an outcome of the responses given by the sample respondents who are not very comfortable in English and so there could be bias during translation.
- The study is geographically restricted to Union bank, Ghatkopar east and west branch. Convenience sampling technique was mainly used for selecting the respondents of the study.

## 8.SCOPE FOR FURTHER RESEARCH

There is ample scope for further research in this area. Studies can be conducted on comparative perceptions of service quality of banks among the customers. Further studies can be conducted on the comparative service quality of various banks of public sector, private sector and cooperative sector.

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