COMPARISON OF EXPECTATION AND PERCEPTION OF SERVICE QUALITY IN PRIVATE SECTOR BANKS – GAP ANALYSIS

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Abstract

Human resource strategies have to take a shift to a higher level and transform themselves as Internal Marketing strategies. To achieve long term profitability and high value customer base, service organizations need to evaluate their appraisal system, check 'employee-centric' quotient in their HR strategies and ensure that customer satisfaction is achieved through employee satisfaction. Total quality management comprises five dimensions of service quality in the service sector especially in the banking industry. They are tangibility, reliability, responsiveness, assurance, and empathy. This study has been made an attempt to compare the expectations and perceptions towards service quality

Key words: service quality, banking

Introduction

Total quality management comprises five dimensions of service quality in the service sector especially in the banking industry. They are tangibility, reliability, responsiveness, assurance, and empathy. The increasing competition in the market, coupled with the growing customer aspirations informing the commercial banks prompt them to practice market-orientation. By tailoring and shaping their 'offerings' as per the customer needs and wants, the public sector banks seek to provide superior business performance in the form of 'customer delight' where the customer is not only satisfied, but feels delighted by the experience of banking. The banks, thereby, are able to win customers' loyalty and develop sustainable competitive strength over a period of time. Service quality is the conformance of services to customers' specifications and expectations. The quality of service, therefore, depends on the ability of the server to meet the expectations of the customer. Maximising customer satisfaction through quality customer service has been described as the 'ultimate weapon', by Davidow and Uttal. According to them, in all industries, when competitors are roughly matched, those that stress customer service will win". Poor quality places a firm at a competitive disadvantage. If customers perceive quality as unsatisfactory, they may be quick to take their business elsewhere. Thus, it is clear that service quality offers a way of achieving success among competing services, particularly in the case of firms that offer nearly identical services, such as banks, where establishing service quality may be the only way of differentiating oneself. Such differentiation can yield a higher proportion of customers' choices and hence, mean differences between financial success and failure. In view of the facts, an analysis of service quality from providers (bank officials) and customers' (bank customers) point of

view may sound interesting at this juncture. So, in this chapter, an attempt has been made to analyse and compare the perceptions of service quality dimensions.

Review of Literature

Kambiz Heidarzadez and Mohammad Ali Nasimi Banking pointed out that the manager may seek to use the SERVQUAL Scale in order to measure banking service quality. Instead of tangible components, they must improve the intangible components and attempt to direct their support towards the increase in the customer who tend to use word of mouth advertisement. Ananth¸ Ramesh and Prabaharanimplied that bank should reduce the service gap to deliver superior quality of service to retain existing customers as well as to attract new customers. Banks have to understand the changing needs of customers, their aspirations and expectations to create value and also have strong customer relationship management system that would indicate the worth of the customer and be able to understand his needs while interacting with him. S.P. Singh and Sunayna Khurana indicated that the quality of services private banks provide was below customers' expectation. Muhammad Ehsan Malik and Basharat Naeem explored that the penitent service quality dimension might assist banking practices in not only improving consumer intention to stay but also to promoting banks advertency which would have favorable impact on then retail business score board. Implication for practitioners and further research are discussed in the paper too. Muhammad Mizenur Rahaman, Abdullah and Atar Rahmanpointed out that the how management of service improvement can become more logical and integrated with respect to the prioritised service quality dimensions and their affections on increasing or decreasing service quality gaps. Uma Shankar Mishra, Kalyan Kumar Sahoo, Satyakama Mishra and Sujit Kumar Patraattempted to extract few dimensions of service quality as perceived by bank customers and compares with five major dimensions already extracted in past literature. Basharat Naeem and Zoore Arifexplained that the notion that service quality enhances the relationship of buyer-seller and benefits including performance and customer satisfaction have been acknowledged widely. Vibhur Jain, Sonia Gupta, and Smita Jain attempted in the direction, where quality perceptions of the four leading banks have been compared to reach the logical conclusion. Gamy Gelade and Stephen Youngargued that alternative formulation of the service profit chain model may provide more powerful explanations of the link between employee attitudes and business performance. Usman Bashir and Muhammad Ismail Ramayfound that the study significant with negative correlation between job stress and job performance and shown that job stress significantly reduces the performance of an individual. The results suggest that organization should facilitate supportive culture within the working atmosphere of the organization.

Anber Araheem Shlash Mohammed and Shireen Yasen Mohammadindicated that service quality is an important antecedent of customer satisfaction. It is apparent from the study that manager and decision makers in Jordasian Commercial banks are to seek and

improve the element of service quality that make the most significant contributions to customer satisfaction.Sanjay Jain and Garima Guptaexplained that the vacation in the overall service quality, care in data collection capacity to distinguish restaurants on quality dimension, and diagnostic capability of providing directions for managerial intervention in the event of service quality shortfalls. Fogarty Catts and Forlin suggested that the items in both SERVPERF and SERVPERF-M are too easy to rate highly and that more "difficult" items need to be added to the scale. Vanniarajan and Anbazhaganexamined that the financial services are inherently intangible and high on experience and credence quality. In order to promote than effectively, a service provider must identify the dimension used by customer to evaluate the service suggest that bank manager should be cognizant of service quality factors and their relations with the appropriate contingent variable. Hollis Landwm, Victor Prybotok, Yiasni Zhang and Daniel Peak suggested that uses rate system responsiveness and reliability be above other service quality dimension. Moderating influences in SERVPERF include gender and pressure to perform.

Objective

To study the GAP between expectation and perceptions in service quality of private sector banks.

Results and Discussion

The calculated values of expectation and perceptions on service quality for private sector banks.

Table 1: Gap Analysis Results (N = 150)

Service Quality Dimension	Expectation		Perception		Gap (P – E)		T
	Mean	S.D.	Mean	S.D.	Mean	S.D.	
Tangibility	26.39	5.31	23.92	4.31	-2.47	0.08	0.001*
Reliability	30.51	4.16	28.98	4.89	-1.53	0.68	0.000*
Responsiveness	25.83	5.26	24.55	5.01	-1.28	0.93	0.000*
Assurance	26.73	5.31	24.16	4.02	-2.57	1.31	0.001*
Empathy	34.72	5.42	33.63	6.23	-1.09	0.84	0.000*

Table 1 explains that the comparison between expectations and perceptions ranked by the respondents on all the five service quality dimensions in the private sector banks are statistically significant. The highest mean difference score between expectations and perceptions of services have been noted from the assurance perception with a score of -2.57 and it is followed by tangibility dimension with a mean difference score of -2.47. It is noted that the lowest mean difference score of -1.09 is witnessed from the empathy dimension.

Hypothesis Testing

Perceived service quality dimension and customer satisfaction (private sector banks). The calculated regression values are depicted in Table 2.

Table 2: Hypothesis Testing Results (Private Sector Banks)

Hypothesis	Path	B	S.EB	β	P-Value
H_1	Tangibility → CS	0.129	0.041	0.193	0.001
H_2	Reliability → CS	0.143	0.034	0.164	0.000
H_3	Responsibility → CS	0.142	0.059	0.132	0.000
H_4	Assurance → CS	0.089	0.041	0.184	0.000
H_5	Empathy → CS	0.239	0.087	0.216	0.000

Table 2 shows that the five perceived quality dimensions explain 81.2 per cent of the customer satisfaction towards private sector banks. The model used in this analysis is fit for analysis because of its F-value 92.34 and $p < 0.01$. It is found that empathy has the strongest effect on the customer satisfaction ($\beta = 0.216$ and $p < 0.01$) followed by tangibility ($\beta = 0.193$ and $p < 0.01$), assurance ($\beta = 0.184$ and $p < 0.01$), reliability ($\beta = 0.164$ and $p < 0.01$) and responsibility ($\beta = 0.132$ and $p < 0.01$).

Conclusion

The Internal Marketing strategies related to the area 'Develop People to deliver service quality' are competitive and effective with Private banks rather than with Public sector banks. Multi-tasking, Job-rotation, Employee empowerment practices in Private Banks help in bringing the best out of its workforce. Strategies related to 'Service culture' are competitive and effective in both the sectors. They focus on strategies for enabling customer-oriented service delivery which has been revealed by employees' behavior. All the five dimensions of the perceived service quality by customers have employees' role to play. As per the study, customer-oriented employee behavior and performance is the key factor in deciding perceived service quality by customers, for the reason that they (employee and customer) are the players of service delivery.

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