

# Service Quality and Customers' Satisfaction: A Study of Selected Public Sector Banks in Jorhat District of Assam



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## Abstract

The present study is based on service quality and customer's satisfaction in Public Sector Banks working in Jorhat District of Assam. The purpose of the study is to determine the relationship between service quality and customer satisfaction considering demographic profile of the customers such as residence, income, educational qualification and occupation. The required data have been collected through a structured questionnaire and size of the sample for the study was 384. The purposive sampling technique has been used for selecting sample size. The collected data have been analyzed with the help of SPSS (16.0 version) and the tools used to achieve the objectives are as Percentage, Mean, standard deviation Weighted average Mean and Anova Test. The study reveals that service quality of banks or customers satisfaction show many variations in results particularly in respect of demographical profiles of the respondents. It is also observed that there is no significant relationship between place of residence, gender and age of the respondents since p value is greater than 0.05. On the other hand, there is a significant relationship with occupation, qualification and income of the respondents since p value is less than 0.05.

**Keywords:** Service Quality, Customer Satisfaction, Perception, Expectations & Public Sector Banks.

## Introduction

The Banking Industry has been playing a crucial role and stands a major component of contributors of service sector especially in the socio-economic development of the country. Today, it is one of the largest service sectors in the world. Maintaining quality service to the customer is the prime motto in recent period of time. They believe that a highly satisfied and delighted customer is future of their banks in the coming days of this ever changing and fast growing digital society. The Indian banking industry has now realized the need to follow global best practices in order to counter the threats of competition from new entrants. Now, the banks are concentrating on quality service and different facilities to cater to the needs of the customers. The customer care is one of the essential areas of service quality for improving services to satisfy the needs and expectation of the customers. Customer satisfaction is a continuous process which does not begin or end with a purchase.

## Service Quality and Customer Satisfaction

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be ancestor to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. As said by Wilson et al. (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors. The relationship between service quality and customer satisfaction is becoming crucial with the increased level of awareness among bank customers.

**Review of Literature**

The satisfaction of customer is determined based on the perceived service quality of banks under study. A number of studies have been undertaken by taking many aspects of service qualities over the period of time at national and international level. The present study has been undertaken by taking few aspects of service qualities so as to assess the level of satisfaction of customer based on demographic profile. The following literatures make the researcher for preparing the present paper a lot.

Parasuraman *et al.*(1988) mainly highlighted about the criteria used by Parasuraman *et al.*(1985) for measurement of service quality of consumers would be their expectations and perceptions in respect of tangibility, reliability, responsiveness, communication, credibility, reliability, understanding for knowing the customer and accessed. But subsequent researches by Parasuraman *et al.* (1988) have considered mainly the five dimensions of service quality in Banking Sector. T, Ammayya. (1996) suggests the adoption of modern banking technology as a means to improve customer services. Sumeet Gupta (2008) finds that e-banking is not fully used by the customers due to inadequate awareness levels besides misconception about and lack of trust in the system. New technologies will not be successful until customers are satisfied with privacy and security aspects. It also requires some time to earn confidence among the customers even if it is easier and cheaper than the traditional methods. Jain Shashikant Ashish (2012) finds major factors affecting the areas of strength and weaknesses of public and private sector banks in terms of different technologies offered to customers and future growth of e-channels in retail banking. The study found that use of technology has a positive perception of customers of public sector and private sector banks. Sharma, D (2009) has found that about 23% of the online users prefer internet banking as the banking channel in India, second to ATM which is preferred by 53%. Until the advent of ATMs, people were unaware and not directly affected by the technological revolutions happening in the banking sector. Joy Joby (2015) highlights about various fee based third party products of banks and its challenges and prospects. The findings of study that majority of the banks in our country do offer fee-based third party products apart from the traditional banking products. Vimi and Mohd (2008) undertook a study of the determinants of performance in the Indian retail banking industry based on perception of customer satisfaction. The finding of the study reinforces that customer satisfaction is linked with performance of the banks. Bhatt, A (1990) explains that Customer service has become quite important in the present day situation as competition is increasing among the banks. Everyone is trying to woo the same customer.

Retaining the existing customers and attracting new ones has become very difficult; more so for the public sector banks. Singh, S (2004) finds the level of customer services, and also explained customer satisfaction which is determined by branch location and design, variety of services, rates and charges, systems and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redress and very importantly, staff skills, attitude and responses. Bhaskar P.V., (2004) states that Customer service is the base for business expansion because of the stiff competition in the banking industry. The survival of banking business is dependent on customer service and in India the banking industry is active, due to technological revolution. Banks have to utilize this opportunity to become strong organizations providing essential service. Uppal R. K., and Kaur (2007) suggest on some measures for making e-banking services more effective, which could contribute to transformation of Indian banks. The paper concluded that most of the customers of banks are satisfied from the different e-channels and their services, but the major obstacle to accept e-channels is the lack of awareness about these e-channels and especially their operational part. The paper also suggests some measures to make e-banking services more effective in the future, which will be responsible for the transformation of Indian banks.

**Objectives of the Study**

The objectives of the study are

1. To assess the relationship between service quality and customer satisfaction in the public sector banks working in Jorhat District of Assam
2. To find out the customer satisfaction index of the public sector banks working in Jorhat District of Assam.

**Hypothesis of the Study**

H<sub>0</sub>: There is no significance relationship between service quality and customer satisfaction in the public sector banks working in Jorhat District of Assam.

**Methodology of the Study**

The present study is based on the service quality and customer satisfaction in respect of public sector bank working in Jorhat district of Assam. The study was based on the primary data collected through a structured questionnaire. Convenience sampling method was used for selecting sample respondents. The responses of the respondents have been captured in the 5 point Likert scale. Total 400 questionnaires were distributed to the customer who had visited the selected bank branches during banking hours and who were willing to fill up the questionnaire. The sample size of the respondents is 384.

Analysis and Interpretation

**Table: 1 Service Quality and Customer Satisfaction**

Dimensions	Perceptions (M)	Expectations (M)	Gap Index	T-test	Sig(p).	Rank (Gap Based)
Tangibility	3.77	4.4	116.71	9.76	.000	V
Reliability	3.56	4.31	121.07	9.21	.000	IV
Responsiveness	3.09	4.36	141.1	12.46	.000	I
Assurance	3.54	4.33	122.32	9.31	.000	III
Empathy	3.07	4.11	133.88	11.43	.000	II

Source: Primary data computed

Table 1 depicts the service quality of five dimensions in banks under study. It is observed that the gap between perception and expectation is significant for all the dimensions undertaken in the present study. The tangibility dimension of service quality is better where responsiveness is the poorest in the above service quality dimensions in the banks under study because customers could have more expectations regarding responsiveness of the banks. It is clear that a gap between perceptions and expectations is significant for all the factors in the

selected banks undertaken for the study. The results show that the Gap between Perceptions and Expectations is significant at 5% (p=0.05) level). From the above analysis, a significant relationship has been found between service quality and customer satisfaction in Public Sector Banks.

**Performance Matrix of Public Sector Banks**

An average Gap score has been measured from the difference between weighting (Expectation) and score (Perception) in banks.

**Table: 2. Expectation and Perception of Public Sector Banks**

Dimensions	Weighting(Expectation)	Score(Perception)	Average Gap score
Tangibility	4.4	3.77	0.63
Reliability	4.31	3.56	0.75
Responsiveness	4.36	3.09	1.27
Assurance	4.33	3.54	.79
Empathy	4.11	3.07	1.04

Source: Primary Data Computed

Table 2 indicates the performance matrix of Public Sector Banks and it shows the maximum difference in case of responsiveness dimension of

service quality and a least gap is found in case of tangibility dimension.

**Table 3 Customer Satisfaction Index of Public Sector Banks**

Dimensions	Expectations (mean)	Perception (Mean )	Weightage Score	Total Weightage
Tangibility	4.4	3.77	1.023	3.857
Reliability	4.31	3.56	1.002	3.567
Responsiveness	4.36	3.09	1.013	3.13
Assurance	4.33	3.54	1.007	3.565
Empathy	4.11	3.07	0.955	2.932
	Average=4.302	Average:3.404		CSI=3.41
CSI=3.41/5*100=68.2%				

Source: Primary Data computed

Note: 4.4/4.302=1.023, 4.31/4.302=1.002, 4.36/4.302=1.013, 4.33/4.302=1.007, 4.10/4.302=0.954

A=Average weight assigned by all respondents for each Parameters.

B=Average score assigned by all respondents for each Parameters.

C=Weightage score based on A =Individual weights/average weightage.

D=Weighted Score=B x C

Satisfaction Index= CSI=Average of (weighted Score) =CSI=3.41 or 68.2%

From the above calculations of customer satisfaction Index, it is found that customers' average expectations (weightages) are more than customers average perceptions (score). Customers have the average expectations of 4.302 but the average perceptions are 3.404. There is wide gap between

average expectations and average perceptions of customers. The value of CSI is 3.41 and the same is shown in percentage of satisfaction by 68.2%. However, calculated value of CSI indicates banks have to do many more for satisfying customers in respect of their required service quality expectation.

**Hypothesis Testing****Table: 4 Results of the ANOVA Test**

Independent Variable	F Statics	P Value	Significance at 5%	Acceptance of Hypothesis
Residence	4.353	.005	Significant	H <sub>1</sub> is accepted
Income	10.004	.002	Significant	H <sub>1</sub> is accepted
Qualification	8.090	.000	Significant	H <sub>1</sub> is accepted
Occupation	6.232	.000	Significant	H <sub>1</sub> is accepted

**Source:** Primary Data Computed

Table 4 shows the test of hypothesis that obtained p value of the independent variables which all are less than of .05 and F statistic shows also high. Hence the null hypothesis is rejected and alternative hypothesis is accepted. Hence it can be inferred that there is significance difference service quality gap demographic variable such as residence, income, qualification and occupation of respondents.

**Conclusion**

The paper concludes that service quality should be used as a strategic tool to get a competitive advantage over the competitors. From the above discussion it is clear that providing better quality of service have higher level of customer satisfaction. On the other hand banks providing lower quality of services have lower level of customer satisfaction. Thus there exists a direct relationship between service quality and customer satisfaction. If any bank aims at higher efficiency then banks should concentrate to satisfactory service quality leading ultimately increases customer satisfaction with improving perception level of the respondents. The study has found the banks have a significance relationship between service quality and customer satisfaction in managing the banking business smoothly.

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