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EVALUATION OF SERVICES QUALITY OF STATE BANK OF INDIA AMONG THE URBAN CUSTOMERS



***Dr. I. Narsis**

***Prof. & Coordinator in Commerce, Bisop Hedr College, Triuchy, T.N.**

A B S T R A C T

This article investigates the services quality of State Bank of India by contacting 252 Bank Customers in Urban Location of the SBI in Tiruchirapalli District. Services Quality of SBI was classified into Physical Services Quality and Core Services Quality. This study attempts to link the Physical and Core Services Quality of SBI with the satisfaction and commitment of customers. The results found some of the services provided by SBI give a positive impact to the satisfaction commitment of customers.

INTRODUCTION

The concept of banking was first introduced in medieval Florence in 1397. A powerful merchant family named Medici established a network of shops that allowed patrons to place money on account and withdraw the money in another city that had a Medici representative. Many powerful families and even the Church kept their money in Medici banks. This allowed rich people to travel without the need to carry large sums of money and risk robbery while travelling. Banking continued to gain popularity throughout Europe by 1700 and nearly every country in Europe had some form of established banking. Modern banking has come a very long way from those humble beginnings in Florence, England. Banking today covers the entire spectrum of finance from simple savings to credit cards and home loans. Typically, a bank generates profits from transaction fees on financial services or the interest spread on resources. It holds in trust for clients while paying them interest on the asset. Origins of the Indian banking system date back to the latter part of the eighteenth century with the establishment of the General Bank of India in the year 1786. During the nineteenth century, three presidency banks were established, that were later

amalgamated in 1920 to form the new Imperial Bank of India. The state bank of India was formed under the SBI Act in 1955 with the takeover of Imperial Bank and amalgamation of Bank of Bengal, Bank of Bombay and Bank of Madras. The government mopped up around 93% of the equity, leaving 7% to private ownership. By this act the equity of RBI cannot be diluted below 55%. SBI enjoys a pool of best managerial talent, assured government business, a countrywide network of branches and a strong brand credibility in the Indian market. It is a strong belief that without providing better service to the customers, be it at the micro level or macro level, no service industry can progress and banking industry is no exception. Banking is perhaps the only service industry where customers play a pivotal role in its development.

FRAMEWORK OF SERVICES QUALITY

Service quality is concerned with the ability of an organization to meet the customer's expectations. The measure of performance is perceived as service quality. It has been argued that the quality of a service has two important components namely, technical quality – the outcome dimension of the service operations process and functional quality – the process dimension in terms of the interaction

between the customer and the service provider. These two dimensions of service quality highlight the subjective nature of quality assessments. Generally clients of professional service firms such as accounting and law firms have difficulty in distinguishing between good and outstanding technical quality of the service; thus judgements are often made on the subjective basis of how the client was treated. Work by Berry and his colleagues has identified five key areas such as

1 **Tangibles** – the physical facilities, equipment, appearance of personnel.

2 **Reliability** – the ability to perform the desired service dependably, accurately and consistently.

3 **Responsiveness** – willingness to provide prompt service and help customers.

4 **Assurance** – employees' knowledge, courtesy and ability to convey trust and confidence.

5 **Empathy** – caring, individualized attention to customers.

These dimensions represent how consumers organize information about service quality in their minds. On the basis of exploratory and quantitative research, these five dimensions were found relevant for banking, insurance, appliance repair and maintenance, securities brokerage, long-distance telephone service, automobile repair service, and logic suggests they would be relevant for internal services as well. Sometimes customers will use all the dimensions to determine service quality perceptions, at other times not. In State Bank of India the services dimension such as tangible, reliability, responsiveness, assurance and empathy existed in determining the service quality provided in State Bank of India. As far as State Bank of India's concerned these dimensions were treated as sub-dimensions which call under the major two dimensions such as physical services and core services.

I - Physical Services

Tangibles Tangibles are defined as the appearance of physical facilities, equipment, personnel and communication materials. All these provide the physical representations or images of the service that customers, particularly new customers, will use to evaluate quality.

II – Core Services

Reliability Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises – promises about delivery, service provision, problem resolution and pricing.

Responsiveness Responsiveness is the willingness to help customers and to provide prompt service. The dimension emphasizes attentiveness and promptness in dealing with customer request, questions, complaints and problems. To excel on the dimension of responsiveness, a company must be certain to view the process of service delivery and the handling of requests from the customers' point of view rather than from the company's point of view.

Assurance Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes, for example, banking, insurance, brokerage, medical and legal service. Trust and confidence may be embodied in the person who links the customer to the company, for example securities brokers, insurance agents, lawyers, counselors.

Empathy Empathy is defined as the caring, individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service, that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them. Personnel at small service firms often know customers by name and build relationships that reflect their personal knowledge of customer requirements and preferences.

MEASUREMENT OF SERVICE QUALITY

The most relevant approach in defining and measuring service is the user-based approach. The idea that quality is subjective and will be strongly linked to the individual's needs and expectations recognizes that consumers have different criteria for judging service quality. This user-based

approach equates quality with maximum levels of satisfaction. In measuring quality in this way, however, a distinction needs to be drawn between quality of service delivery and the service output, or benefit. The customer may be involved in the service production, thus impacting on the quality of the service delivery process. The actual output of the service may be judged by the customer in terms of their expectations of the outcome or benefit. The customer's overall judgement of service can be an evaluation of both the process and the outcome, compared with the customer's own expectations and desired benefits. This leads to an important idea in assessing quality from a service marketing perspective: perceived service quality.

BENCHMARKING

In order to evaluate service quality it is important to establish a firm's performance relative to its competitors. Benchmarking involves looking for the best ways to achieve competitive advantage. The company's products, service and practices are continually compared with the standards of the best competitors and identified industry leaders in other sectors. By observing and measuring the best within and outside the industry it is possible to improve the performance of the company. Benchmarking has now come to be recognized as appropriate for any area of a company's operations. The task of creating competitive advantages involves outperforming, rather than matching, the efforts of competitors. This, together with the obvious difficulties in gaining all the information required on competitors, and their internal systems and processes, led to the adoption of a broader perspective on benchmarking. Thus benchmarking was expanded from a focus solely on competitors to a wider, but selective, focus on the products and services of top performing companies regardless of their industry sector.

CUSTOMER SATISFACTION

The importance of customer service for capturing business in banks has become a focus point in all stages of marketing of banking services, since almost all banks offering more or less the same products with little changes in nomenclature. Here the concept of enhancing the customer satisfaction

is a pivotal point to attract more and more people to banking by a particular bank. In the present day situation, customers becoming more and more demanding, bankers have had to evolve new approaches, new and innovative products to keep pace with growing expectations. Today the customer preferences keep on changing at a rapid speed and their demands are turned insatiable. In order to cater to the changing preferences, bankers are bound to provide the services suitable to their needs to survive in the competition. Customers are not ready to accept any delay in service today and are in need of information for instant decisions. Therefore, customer satisfaction is more important in servicing. It has become a challenging and tough job for bankers in retaining the existing customer base and winning the new customers. Otherwise sustaining in the banking business is a tough phenomenon. Bankers are in the peoples' business and it is the goal of the bankers to make the customers happy to achieve their targets. To achieve this challenging task of customer satisfaction, bankers are turning to technology for help.

COMMITMENT

The next task for the banker is not only to satisfy the customer but also he should trigger the attitude of the customers towards the bank. More technically, this aspect is called commitment. Commitment on the part of the customers refers to continue to do their business in the same bank for a long period. Suppose the bank increases its banking charges, then it may or may not affect the attitude of the customer about the bank, in this situation if the customer feels indifferently, this only shows the commitment of the customer to have decreased. If the customers experience a problem with the bank services, then he or she may consult the fellow customer or the bank employees.

REVIEW OF LITERATURE In most models of client evaluations of retail banking services the focus has been on a comparative judgement of expectations versus perceived performance resulting in the two major evaluative judgements of perceived service quality and satisfaction Murphy (1996); Smith (1992). Both concepts have been frequently used and measured in the retail banking services area Lewis and Mitchell (1990); Smith

(1992). Much of the confusion arises from the fact that both forms of evaluative judgements are based on comparable underlying constructs. Clients form expectations prior to their encounter with a bank (employee), they develop perceptions during the service delivery process and subsequently they compare their perceptions to their expectations in evaluating the outcome of the service encounter. While service quality and satisfaction are concepts that have a number of similar characteristics, they have points of differentiation as well, as becomes clear from major advances in the services marketing literature Patterson and Johnson (1993). Clearly the two types of evaluative judgement are not perceived as isomorphic and increasingly treated as separate constructs in research on services. There is a growing consensus on the sequential order of service quality and satisfaction. The latter is increasingly regarded as the super ordinate construct based on conceptual work by Oliver (1993) and Rust and Oliver (1994), and empirical evidence provided by Cronin and Taylor (1992) and De Ruyter et al. (1997) Cronin and Taylor (1992) undertook an empirical test of the reciprocity between satisfaction and quality across several service industries. Using structural equation modeling, they found that service quality can be seen as a determinant of satisfaction which in turn influences purchase intentions. Lately, however, it has been suggested that, in addition to service quality and satisfaction, image is also an important determinant of customer patronage.

METHODOLOGY

Selection of bank and study area

Among the various public sector banks in Tiruchirappalli District, State Bank of India played a major role in offering the various services for the past five decades. Hence the researcher is motivated to identify and evaluate the quality of services in State Bank of India.

Sampling method

It is a sample survey to measure the service quality of the State Bank of India. Purposive random sampling method was adopted to select the sample respondents from the branches located in the Urban area, Tiruchirappalli commercial branch and town branch. The researcher conducted 252 urban

customer in this areas.

Collection of Data

After the questionnaire was structured, it is used to measure the service quality of State Bank of India and its impact on customer satisfaction. The questionnaire was classified into six different parts. Part I elucidates 9 personal and demographic variables of respondents. Part II and III comprised 6 conceptual items for physical service quality and 16 items for core service quality respectively. Similarly, parts IV and V measure the satisfaction and commitment, by raising 5 satisfaction items and 4 commitment items respectively. Moreover, the researcher identified and included 5 rational items in part VI. The researcher-collected data based on the location of the bank more specific in rural area, the respondents were well familiar in their regional language when compared to formal language. For this purpose the questionnaire was translated into their own regional language and issued to the respondents in rural area. After the collection was over, again the questionnaire was converted into a formal structured and organized one for the purpose of analysis.

Data Analysis After data collection was over, the collected data was organized and analysed with the help of SPSS Version 17. At first simple tabulation shows the position of the personal, demographic and rational background of the customers of SBI. In the next stage step wise multiple regression analysis was applied to find the contribution of services quality and its impact on the satisfaction and commitment of bank customers.

Personal and Demographic Profile of Bank Customers

The personal and demographic profile of bank customer includes their gender, age, residential area, marital status, nature of family, no. of family members, occupation, qualification, etc., among the total of 252 bank customers majority of them are males (69%). As far as their age as concern, most of them are in the age category between 20 to 40 year (61.1%) and the customers of SBI, are from the urban area of the City (51.2%). They are married (59.1%) and they are living on nuclear family (59.1%) majority 32.1% of the bank customers

having four members of the family. Moreover, 44% of the customers were business men as well as self employed and 33.3% of them are qualified at graduate level. On other hand, 34.1% of them earn a monthly income between Rs. 4000 to Rs.8000 respectively.

Rational Profile

The rational profile of customers of SBI comprised of the nature of deposit account hold at present, criteria for choosing the bank, frequency of withdraws of deposits, purpose of holding the bank account. A maximum of 56.7% of the customers hold the saving bank accounts. 56.3% of them reveal that the bank was located near to their home and also 32.9% of them holding the bank account for the past 2 years. The majority of 52% of the customers withdraws and deposits the money once in a month at the bank. Maximum of them(56.7%) holding the bank account is for purpose of savings.

Where v is the estimated satisfaction score.

Table 1 explains the impact of various physical services on the satisfaction of the respondents. The equation describes that on an average if score of "Operating hours" changes by one unit, there will be an increase of 0.215 units in the satisfaction. The result of t-test confirms that the estimated regression coefficient (0.215) is highly significant at one percent level. The multiple R of 0.291 shows that there exists a relationship of 29.1 per cent between "Operating hours" and satisfaction. Moreover, the R^2 of 0.085 confirms that there exists 8.5 per cent of variation was explained by operating hours in the satisfaction. Finally, the result of F-test signifies that the explained variation was statistically significant at one per cent level.

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Where v is the estimated satisfaction score.

Table 2 explains the contribution of various core services to the satisfaction of the respondents. The equation describes that on an average if the score of "Personal attention given" changes by one unit, there will be an increase of 0.159 units in the satisfaction, when other variables are kept constant and vice versa. The result of t-test confirms that the estimated regression coefficient (0.153), (0.159), (0.139) and (0.111) are highly significant

at one percent level. The multiple R of 0.587 shows that there exists a relationship of 58.7 per cent between the above emerged variables and satisfaction. Moreover, the R^2 of 0.344 confirms that there exists 34.4 per cent of variation in satisfaction was explained by the services such as Understanding specific needs of customers, Personal attention given Trustworthiness of employees and Employee's knowledge in answering. Finally, the result of F-test signifies that the explained variation was statistically significant at one per cent level.

Where v is the estimated commitment score.

Table 3 shows the impact of various physical services on the commitment of the respondents. The equation describes that on an average if score of "Operating hours" changes by one unit, there will be an increase of 0.231 units in the commitment, when "Appearance of employees" is kept constant and vice versa. The result of t-test confirms that the estimated regression coefficient (0.231) and (0.132) are highly significant at one percent and five per cent level. The multiple R of 0.292 shows that there exists a relationship of 29.2 per cent between the above emerged variables and commitment. Moreover, the R^2 of 0.085 confirms that there exists 8.5 per cent of variation was explained by the services such as Operating hours and Appearance of employees in the commitment.

Where v is the estimated commitment score.

Table 4 explains the impact of various core services on the commitment of the respondents. The equation describes that on an average if score of "Employee's knowledge in answering" changes by one unit, there will be an increase of 0.269 units in the commitment, when other variables are kept constant and vice versa. The result of t-test confirms that the estimated regression coefficient (0.269), (0.172) and (0.179) are highly significant at one percent and five per cent level. The multiple R of 0.511 shows that there exists a relationship of 51.1 per cent between the above emerged variables and commitment. Moreover, the R^2 of 0.261 confirms that there exists 26.1 per cent of variation was explained by the services such as Employee's knowledge in answering, Keeping promises at certain time, Trustworthiness of employees in the commitment.

DISCUSSIONS AND RECOMMENDATIONS

In Tiruchirappalli District, the State Bank of India established 13 branches in the urban area because the area consisted of a population above 10 lakhs. Majority of the customers are from urban area, this is greater, when compared to semi-urban and rural area. This was due to the various physical and core services provided by the SBI to its customers. As per the analysis, the physical services and core services provided by SBI were not excelled in their performance. In order to boost up and trigger the satisfaction and commitment of the customer the bank should take necessary steps and remedial measures regarding the physical services. Though the equipments were modern looking, they were not very much attracted and this would lead to non-fulfilment of customer's requirement and it creates dissatisfaction. For this purpose it should concentrate on satisfying the requirements of the customers by increasing the waiting chairs, by

providing fully air-conditioned environment in all branches, supply of cool water, etc. Moreover, the appearance of employees in SBI is not upto the mark. As a bank employee he or she in a position, has to mingle with public in daily life. So the researcher suggests the appearance of employees regarding their dress ethics and neatness should improve and it will lead to an increase in the customer satisfaction and commitment. Similarly, the visual appeal of pamphlets and statements such as DD Challen, pay in slip, withdrawal slip should be arranged, ordered and it should be highlighted in the specific place. At a certain time, handling of the transaction in the peak hours will lead to failure in clear entries in the passbook. To avoid this, the employees should make a detailed narration clearly about their transaction whether it may be withdrawal or deposit. The customers are also dissatisfied regarding the working hours of SBI. So, the researcher recommended to extend the working hours of SBI in the evening time.

GRESSION ANALYSIS

Table No.1 CONTRIBUTION OF PHYSICAL SERVICES TO THE SATISFACTION OF RESPONDENTS					
Dependent Variable: Satisfaction(Y)					
Independent Variable	Unstandardised Regression Coefficient	Standard Error	Standardised Regression Coefficient	t-Value	Sig.
Constant	3.034	0.158	-	19.213	0.000
Operating hours (x1)	0.215	0.045	0.291	4.805	0.000
Multiple R	= 0.291	F-value = 23.091	d.f(1,250)	P-value<0.01	
R Square	= 0.085				
$v = 3.034 + 0.215X_1$					
Table No.2 CONTRIBUTION OF CORE SERVICES TO THE SATISFACTION OF RESPONDENTS					
Dependent Variable: Satisfaction (Y)					
Independent Variable	Unstandardised Regression Coefficient	Standard Error	Standardised Regression Coefficient	t-Value	Sig.
Constant	1.936	0.177	-	10.943	0.000
Understanding specific needs of customers (x1)	0.153	0.038	0.244	4.031	0.000
Personal attention given (x2)	0.159	0.042	0.230	3.819	0.000
Trustworthiness of employees (x3)	0.139	0.047	0.167	2.976	0.003
Employee's knowledge in answering (x4)	0.111	0.041	0.162	2.722	0.007
Multiple R	= 0.587	F-value =32.422	d.f(4,247)	P-value<0.01	
R Square	= 0.344				
$v = 1.936 + 0.153X_1 + 0.159X_2 + 0.139X_3 + 0.111X_4$					

Table No.3 CONTRIBUTION OF PHYSICAL SERVICES TO THE COMMITMENT OF CUSTOMERS					
Dependent Variable: Commitment(Y)					
Independent Variable	Unstandardised Regression Coefficient	Standard Error	Standardised Regression Coefficient	t-Value	Sig.
Constant	2.248	0.273	-	8.225	0.000
Operating hours (x1)	0.231	0.062	0.234	3.749	0.000
Appearance of employees (x2)	0.132	0.064	0.128	2.060	0.040
Multiple R	= 0.292	F-value =11.611	d.f(2,249)	P-value<0.01	
R Square	= 0.085				
v = 0.322+0.231X₁+0.132X₂					
Table no.4 CONTRIBUTION OF CORE SERVICES TO THE COMMITMENT OF CUSTOMERS					
Dependent Variable: Commitment(Y)					
Independent Variable	Unstandardised Regression Coefficient	Standard Error	Standardised Regression Coefficient	t-Value	Sig.
Constant	1.508	0.238	-	6.333	0.000
Employee's knowledge in answering (x1)	0.269	0.053	0.292	5.056	0.000
Keeping promises at certain time (x2)	0.172	0.044	0.236	3.868	0.000
Trustworthiness of employees (x3)	0.179	0.069	0.162	2.591	0.010
Multiple R	= 0.511	F-value =29.221	d.f(3,248)	P-value<0.01	
R Square	= 0.261				
v = 1.508+0.269X₁+0.172X₂+0.179X₃					

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