

Service Quality of Public and Private Sector Banks in Thrissur Corporation

Dr. Anand K¹, Dr. Siji M.U²

¹Assistant Professor of Commerce, Government Arts and Science College, Chelakkara, Thrissur, Kerala, India
Email: [anandkfaculty\[at\]gmail.com](mailto:anandkfaculty[at]gmail.com)

²Associate Professor of Commerce, Sri C Achutha Menon Government College, Thrissur, Kerala, India
Email: [sijimadakavil\[at\]gmail.com](mailto:sijimadakavil[at]gmail.com)

Abstract: Service quality plays a crucial role in any business, particularly in the banking industry, where it represents customer service success. There is a significant link between service quality and customer satisfaction. Studies consistently indicate that while these two concepts are distinct, they are also closely connected. The service sector has experienced substantial growth owing to its unique offerings. To ensure customer loyalty, companies aim to offer a range of amenities to their customers. The significance of service quality has increased in recent years, and there can sometimes be a gap between what customers expect and what they experience.

Keywords: Service Quality, SERVQUAL, Public Sector Banks, Private Sector Banks

1. Introduction

Service quality is a subjective and relative matter which is based on the perceptions and expectations of the customer. An important aspect regarding service quality is that it is much difficult to assess than quality of goods. Customers have certain beliefs about the services which are being used as a standard, by which the performance is analysed and is termed as customer expectations. A service is considered to be a successful one when it delivers adequate value and satisfaction to the customers. Value is derived as a combination of quality, service and price. In general, it can be stated that the value will increase with quality and service and decrease with price. Customer satisfaction includes a person's judgment based on a product's or service's perceived performance with expectations. Customer satisfaction is a function of expectations and services.

Services are intangible performances that create benefits and satisfaction and normally do not affect ownership. Services are not easily measured or evaluated in advance to guarantee quality. Quality, in its simplest sense, can be defined as something that is good enough or has excellent remarks. Service quality is difficult to theorize and evaluate because of its intangibility, inseparability, heterogeneity, simultaneous production and consumption, and perishability. Another perspective is that service quality perceptions are based on the assessment of expectations with performance. An alternative view is that service quality is evaluated based on outcomes and processes. Service includes process and outcome, and service quality involves the quality of the process and outcome. Business firms consider service quality and customer satisfaction to be the same, and a dynamic process model is needed to analyze the same from customers' expectations to behavioral intentions (Boulding *et al.*, 1993)¹. Service quality is a crucial factor for the success and growth of banks. Quality was measured only for tangible products in the past, whereas it is now measured for tangible as well as intangible products. Quality of service is a vital element of customer satisfaction. Service quality is concerned with two interrelated aspects: the human component of the service and the processes and technology used to render the service. The

problem associated with the usage of the disconfirmation model for the evaluation of the perceptions of service was also intimated and was considered an unreliable methodology with variations existing between the paradigms and attitude literature (Cronin and Taylor, 1992)². It was established that perceptions and calculated disconfirmation were more beneficial than estimated disconfirmation. Additional research to determine the ability to envisage service quality and customer satisfaction appraisal was also suggested (Dabholkar *et al.*, 2000)³. Parasuraman *et al.*, (1985)⁴ had expanded the features associated with the services and nurtured an affiliation between customer satisfaction and service quality. They pointed out the variances between manufactured and service products. The association between services to customers and their satisfaction was analyzed using the gap concept.

Parasuraman *et al.*, (1985)¹⁵ measured the service quality towards the customers' perceptions by applying ten dimensions. These dimensions indicate the main factors used by customers to assess service quality. SERVQUAL is an efficient model for quantitatively evaluating customers' service experiences and is useful for firms to channel their efforts toward reducing the gap between perceived and expected service quality.

Some variables in these ten dimensions overlapped. Out of the ten dimensions, tangibility, reliability, and responsiveness remained constant, while the remaining seven dimensions were summarized into two dimensions, namely assurance and empathy. Based on this, a SERVQUAL model consisting of five service quality dimensions that impact customer satisfaction was developed. It evaluates service efficiency by assessing customer expectations and perceptions and measuring the gap between them. After substantial analysis and testing, Parasuraman *et al.* (1988)¹⁶ reduced the ten service quality determinants in SERVQUAL to five. The five dimensions of the SERVQUAL model are explained below.

- 1) **Tangibles:** This dimension is concerned with the physical environment consisting of the physical facilities, equipment, and employees' appearance.

- 2) **Reliability:** This is associated with the ability and quality of employees to render accurate, consistent, and dependable services.
- 3) **Responsiveness:** This refers to the willingness of employees to help customers solve problems, provide services, and handle complaints.
- 4) **Assurance:** This dimension is formed from courtesy, credibility, etc., and is associated with employees' knowledge and confidence.
- 5) **Empathy:** This refers to the competence to consider others' feelings and perceptions with individualized care and attention.

2. Research Methodology

A reliable and valid research questionnaire is essential for collecting accurate primary data. It will also ensure the validity appropriateness to assess the construct it purports to measure. The primary data were collected from the customers of selected public and private sector banks with the help of the structured questionnaire. The researcher conducted the study in Public and Private Sector Banks of Thrissur Corporation in Kerala. The collection of primary data is restricted to Thrissur Corporation in the State of Kerala. Top 3 banks from the 2 sectors of banks i.e. (i.e. 3 banks each from Public and Private Sectors) are ranked based on the highest mean of net profit for the last three financial years. Out of this, top ranked banks that have branches in Thrissur corporation are selected for collecting the primary data and savings bank account holders are considered. The selected banks are State Bank of India, Bank of Baroda and Canara Bank from public sector banks whereas HDFC Bank Ltd., ICICI Bank Ltd. and Axis Bank Ltd. were taken from private sector banks. Since the number of customers is large in number, researcher decided to take the sample of 200 customers. The sampling technique adopted for the study is disproportionate random sampling method. The researcher used the Cronbach's alpha to test the internal consistency in measuring the scale and found out that the scale is reliable. The content validity and construct validity were also found adequate. It is observed that the composite reliability of the entire constructs of service quality ensured that the reliability of the construct is well established. The shape of the distribution of data and diagram of the histogram that compares the observed data with normal distribution. The data come under normal distribution curve and hence, the data set is confirmed to be possessing normality. There is no multicollinearity issues among the constructs of service quality on customer satisfaction. The collected data was coded using SPSS package and various appropriate statistical tools were used for analysis on the basis of objective such as Descriptive Statistics and Independent t Test.

3. Results and Discussion

The analysis and interpretations along with findings and suggestions are as follows:

- 1) **Descriptive Statistics:** The following section deals with the descriptive statistics related with the different dimensions and their respective statements associated with the service quality.
- a) **Tangibles:** The descriptive statistics containing the mean and standard deviation (SD) related with the tangibles

dimension and the statements associated with it are explained below.

Table 1: Descriptive Statistics on Tangibles

S. No.	Measuring Items of Tangibles	Mean	SD
1	Bank has modern looking equipment's	3.67	1.09
2	Bank's physical facilities are visually appealing	3.79	0.97
3	Bank's employees are neat in appearing	4.91	1.31
Mean Score		4.12	1.12

Source: Computed from primary data

The total mean score and standard deviation on the tangibles of the public and the private sector banks is 4.12 and 1.12 respectively. From the total mean score it is identified that the customers of public and private sector banks "Strongly Agree" with the tangibles provided by the banks. It is concluded that the bank's employees are neat in appearing has the highest mean score and the least factor is that the bank has modern looking equipment.

- b) **Reliability:** The descriptive statistics containing the mean and standard deviation (SD) related with the reliability dimension and the statements associated with it are explained below.

Table 2: Descriptive Statistics on Reliability

S. No.	Measuring Items of Reliability	Mean	SD
1	When bank promises to do something by a certain time, it does so	2.96	0.98
2	When you have a problem, bank shows a sincere interest in solving it.	2.67	1.56
3	Bank insists on error free records	4.91	1.29
Mean Score		3.51	1.28

Source: Computed from primary data

The total mean score and standard deviation on the reliability of the public and the private sector banks is 3.51 and 1.28 respectively. From the total mean score it is identified that the customers of public and private sector banks "Agree" with the reliability provided by the banks. It is concluded that the bank insists on error free records has the highest mean score and the least factor is that when the customer have a problem, bank shows a sincere interest in solving it.

- c) **Responsiveness:** The descriptive statistics containing the mean and standard deviation (SD) related with the responsiveness dimension and the statements associated with it are explained below.

Table 3: Descriptive Statistics on Responsiveness

S. No.	Measuring Items of Responsiveness	Mean	SD
1	Employees in bank tell you exactly when services will be performed	4.12	0.99
2	Employees in bank give you prompt service	2.46	1.54
3	Employees in bank are always willing to help you	3.17	1.47
Mean Score		3.25	1.33

Source: Computed from primary data

The total mean score and standard deviation on the responsiveness of the public and the private sector banks is 3.25 and 1.33 respectively. From the total mean score it is identified that the customers of public and private sector

banks “Agree” with the responsiveness provided by the banks. It is concluded that the employees in bank tell the customer exactly when services will be performed has the highest mean score and the least factor is that the employees in bank give you prompt service.

d) Assurance: The descriptive statistics containing the mean and standard deviation (SD) related with the assurance dimension and the statements associated with it are explained below.

Table 4: Descriptive Statistics on Assurance

Sl. No.	Measuring Items of Assurance	Mean	SD
1	The behaviour of employees in bank instils confidence in you	3.48	1.01
2	You feel safe in your transactions with bank	4.97	0.97
3	Employees in bank are consistently courteous with you.	3.41	1.3
Mean Score		3.95	1.09

Source: Computed from primary data

The total mean score and standard deviation on the assurance of the public and the private sector banks is 3.95 and 1.09 respectively. From the total mean score it is identified that the customers of public and private sector banks “Agree” with the assurance provided by the banks. It is concluded that the customers feel safe in their transactions with bank has the highest mean score and the least factor is that the employees in bank are consistently courteous with the customer.

e) Empathy: The descriptive statistics containing the mean and standard deviation (SD) related with the empathy

dimension and the statements associated with it are explained below.

Table 5: Descriptive Statistics on Empathy

S. No.	Measuring Items of Empathy	Mean	SD
1	Bank gives you individual attention	4.14	1.24
2	Bank has employees who give you personal attention	3.9	0.81
3	The employees of bank understand your specific needs	2.7	0.72
Mean Score		3.58	0.92

Source: Computed from primary data

The total mean score and standard deviation on the empathy of the public and the private sector banks is 3.58 and 0.92 respectively. From the total mean score it is identified that the customers of public and private sector banks “Agree” with the empathy provided by the banks. It is concluded that the bank gives individual attention to the customers has the highest mean score and the least factor is that the employees of bank understand the specific needs of the customer.

2) Independent t Test: The independent t-test is an inferential statistical test that determines whether there is a statistically significant difference between the means. The following section analyses the difference of opinion between the customers by applying ‘Independent t Test’ in order to determine whether there is any statistical evidence regarding the significant difference.

H_0 : There is no significant difference of opinion between the customers of public and private sector banks on the service quality measures provided by the banks.

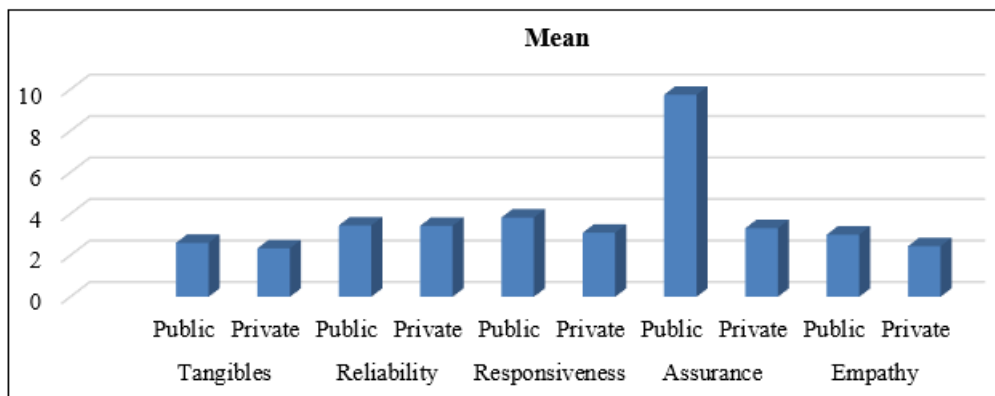


Chart 1: Independent t test

Table 6: Independent t test

Variables	Labels	Independent t test				
		N	Mean	SD	t	Sig.
Tangibles	Public	114	2.60	0.46	4.28	.000*
	Private	86	2.33	0.61		
Reliability	Public	114	3.44	0.59	2.61	.001*
	Private	86	3.42	0.53		
Responsiveness	Public	114	3.82	0.49	5.87	.000*
	Private	86	3.09	0.57		
Assurance	Public	114	9.74	0.49	4.38	.002*
	Private	86	3.30	0.30		
Empathy	Public	114	2.99	0.44	9.13	.000*
	Private	86	2.44	0.72		

Source: Computed from primary data

*5 Percent level of significance

The table reveals the result of Independent ‘t’ test applied to test the significant difference of opinion between the customers of public and private sector banks on the service quality measures provided by the banks. The calculated P value for the perception towards service quality measures like tangibles, reliability, responsiveness, assurance and empathy shows that there is a significant difference between the customers of public and private sector banks, since its P value is less than 0.05. Hence, the null hypothesis is rejected. It is identified that the customers of public sector bank perceived high service quality measures than that of private sector banks. Thus, it is concluded that there is a significant difference in the opinion between the customers of public and private sector banks on the service quality measures provided by the banks.

Modern equipment's and facilities must be employed by the banks and must enhance periodically. Employees must recognize the precise needs of the customers and must show sincere attention in resolving customers problem. Bank must describe the service and quality standards in a crystal-clear manner that can be measured. Proper grievance handling system must be conveyed and customers' problems are to be addressed in an active manner along with making essential remedies for it. Continuous training programs must be introduced to all employees by the banks.

4. Conclusion

Financial sector reforms made many changes in banking industry. The service levels of both sectors have witnessed a tremendous growth. Customers are generally satisfied by the quality of services delivered by the bank to them, but their expectation on service levels are increasing. Public sector banks have recorded a tremendous improvement by enhancing service levels. All banks, irrespective of their sectors, must revise their strategies in an effective manner for ensuring growth and competency because the standards, parameters and dimensions of banking industry are consistently upgrading and the same scenario is expected in future also.

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Author Profile



Dr. Anand K is an Assistant professor in Commerce at Government Arts and Science College Chelakkara, Thrissur, Kerala with 15 years of academic experience and 4 years of industry experience. He is a Research Guide under University of Calicut. He has 372 sessions of seminars, workshops etc. and 21 publications on his credit.



Dr. Siji M U is a Ph.D. holder in Commerce from M G University. She has 16 years of experience in teaching. She is having lieutenant cadre position in NCC. She is currently working in Sri C Achutha Menon Government College Thrissur, Kerala.