

**A Study on Service Quality Dimensions and Customer Satisfaction with Reference to Banks in Chennai**

**\*Dr. D. Maria Ponreka**

**\*\*Mrs. Janet Glory M C**

\*Assistant Professor, Department of Business Administration, Sri Meenakshi Govt. Arts College for Women (A), Goripalayam  
Madurai – 625002

\*\*Assistant Professor, Department of Management Studies, Women's Christian College (Autonomous Institution affiliated to University of Madras)  
Chennai – 600006

**Abstract:** - The purpose of this paper is to measure the quality of service from the perspective of customers with reference to banks in Chennai. The study is based on questionnaire method and based on review of literature; empirical research is used to analyze the service quality of banking services. The customer satisfaction is also determined in this research paper. The service quality dimension which influences customer satisfaction is also determined. In this study primary data is collected on a sample size of 55. Descriptive research is employed in this study and convenience sampling is used. Service Quality dimensions are analyzed in the banking sector. Majority of the respondents are satisfied with assurance, reliability, empathy, tangibility and responsiveness as service quality dimension. Service quality dimensions like assurance, reliability, empathy, and tangibility and responsiveness influences customer satisfaction. Responsiveness holds the highest value which has a greater impact on customer satisfaction followed by reliability and tangibility. There is a strong correlation between overall service quality and demographic factors of the respondents. There is no significant influence of information technology on service quality. The nature of banking services encourages customers to demand the highest possible quality. In order to achieve this, it is essential to be very close to customers to capture information on customer current and future needs, expectations and perceptions.

**Keywords:** - banks, Chennai, customer satisfaction, service quality.

**Introduction**

Banks play an important and active role in the financial and economic development of a country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Practitioners in the banking industry face a large number of complex challenges in the global marketplace. It is crucial for banks to better understand changing customer needs and adopt the latest information technology system in order to compete more effectively with global organizations (Malhotra & Mukherjee, 2004).

The objective of this paper is to seek and measure the level of customer satisfaction and services rendered in the banking industry in Chennai. As a matter of fact, many banks subscribe to the fact that high customer satisfaction will lead to greater customer loyalty (Yi, 1991; Anderson and Sullivan, 1993; Boulding et al., 1993) which, in turn, leads to future revenue (Fornell, 1992; Bolton, 1998). For that matter, many organizations (including banks) that resorted to having superior service quality have been found to be market leaders in terms of sales and long-term customer loyalty and retention (Anderson and Sullivan, 1993; Boulding

et al., 1993; Eklof and Westlund, 2002). Examples of such banks include Hongkong & Shanghai Bank (HSBC), Standard & Chartered (Stand Chart), Citi Bank, just to mention a few.

### **Objective**

- To analyze the various service quality dimensions in banking sector
- To determine the impact of service quality dimensions on customer satisfaction
- To identify the relationship between service quality and demographic factors of the customers
- To determine the role of Information Technology to enhance service quality

### **Research Methodology**

**Data Collection Method:**-The data collection method is primary source of data collection. Since it involves the collection of data through questionnaire.

**Research Design:** - Descriptive Research Design is followed in this analysis. It is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way.

**Sampling Technique:** - Convenience sampling is adopted in this research work. This method is selected because of their convenient accessibility and proximity to the researcher.

**Sample Size:** - The sample size identified for this research work is 100.

**Statistical tools used:** - Regression, Chi square and cross tabs

### **Need for the Study**

Today globalization and liberalization are affecting economies of not only developing but also developed countries. The focus areas for organizations are also changing from profit maximization to maximizing profits through increased customer satisfaction. The pressures of competition are forcing the organizations to not only look on the processes but also on the way they are delivered. During past two decades business scenario has changed drastically. Owing to the factors like opening up of markets, increase in use of IT, increased customer knowledge and awareness etc., it becomes a must to deliver the services better than its competitor at agreed price. In this context, the subject of service quality needs a fresh understanding in the current business scenario. This study can help to identify the research gaps and thus attempts to provide benefits to practicing managers and researchers.

### **Scope of the Study**

Without any doubt, service quality is very important component in any business related activity. This is especially so, to marketer a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success. Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction.

### **Review of Literature**

It is well established that satisfied customers are key to long-term business success (Kristensen et al., 1992; Zeithami et al., 1996; McColl-Kennedy and Scheider, 2000). It also defined as a global issue that affects all organizations, regardless of

its size, whether profit or non-profit, local or multi-national. Companies that have a more satisfied customer base also experience higher economic returns (aker and Jacobsson, 1994; Bolton, 1998; Yeung et al., 2002). Consequently, higher customer satisfaction leads to greater customer loyalty (Yi, 1991; Anderson and Sulivan, 1993 Boulding et al., 1993) which in turn leads to higher future revenue (Fornell, 1992; Bolton, 1998).

There are two general conceptualizations of satisfaction here, namely, the transaction-specific satisfaction and the cumulative satisfaction (Boulding et al., 1993; Jones and Suh, 2000; Yi and La, 2004). Transaction-specific satisfaction is the customer’s very own evaluation of his or her experience and reaction towards a particular service encounter (Cronii and Taylor, 1992; Boshoff and Gray, 2004). This reaction is expressed by the customer who experiences a product or service for the first time. Meanwhile, cumulative satisfaction refers to the customer’s overall evaluation of the consumption experience to date (Johnson, Anderson and Fornell, 1995); an own accumulation of contacts with services provided them from day-to-day.

**Analysis and Interpretation**

**1.1 Determination of service quality dimension**

**1.1.1 Table showing assurance**

	prioritization of the bank				Total
	strongly agree	agree	neither agree nor disagree	disagree	
assurance highly satisfied	9	5	3	4	21
satisfied	7	13	5	2	27
neither satisfied nor dissatisfied	3	1	1	0	5
Highly dissatisfied	1	1	0	0	2
Total	20	20	9	6	55

**Interpretation**

From the table we see that out of sample size 55, 21 respondents are highly satisfied 27 respondents are satisfied 5 respondents are neither satisfied nor dissatisfied and 2 respondents are highly dissatisfied with assurance as service quality dimension. Also 20 respondents strongly agree, 20 respondents agree 9 respondents neither agree nor disagree, 6 respondents disagree in prioritization of the bank

**1.1.2 Table showing reliability**

	sense of security					Total
	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	
reliability highly satisfied	8	4	1	0	2	15
satisfied	3	25	1	0	0	29
neither satisfied nor dissatisfied	0	2	1	2	0	5
dissatisfied	4	0	1	0	0	5
highly dissatisfied	1	0	0	0	0	1
Total	16	31	4	2	2	55

**Interpretation**

From the table if we consider reliability as the second service quality dimension we can see that 15 respondents are highly satisfied, 29 respondents are satisfied, 5 respondents are neither satisfied nor dissatisfied, 5 respondents are dissatisfied and 1 respondent is highly dissatisfied.

The table also interprets that 16 respondents strongly agree and 31 respondents agree with the sense of security in the bank.

**1.1.3 Table showing empathy**

	staff consider customer needs					Total
	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	
empathy highly satisfied	2	10	1	1	0	14
satisfied	9	22	4	1	2	38
neither satisfied nor dissatisfied	3	0	0	0	0	3
Total	14	32	5	2	2	55

**Interpretation**

From the table we see that 14 respondents are highly satisfied and 38 respondents are satisfied with the empathy as one of the service quality dimension. Also 14 respondents strongly agree and 22 respondents agree that staff satisfying customer needs. Few respondents are neither satisfied and nor dissatisfied with empathy as service quality dimension

**1.1.4 Table showing tangibility**

	equipment of bank is sufficient		Total
	strongly agree	agree	
tangibility highly satisfied	7	11	18
satisfied	13	20	33
neither satisfied nor dissatisfied	1	1	2
Highly dissatisfied	0	2	2
Total	21	34	55

**Interpretation**

From the table we see that 18 respondents are highly satisfied and 33 respondents are satisfied with tangibility as service quality dimension. 2 respondents are neither satisfied and nor dissatisfied and 2 respondents are highly dissatisfied with tangibility. Also 21 respondents strongly agree and 34 respondents agree with the equipments of the bank.

**1.1.5 Table showing responsiveness**

	provide precise service			Total
	strongly agree	agree	neither agree nor disagree	
responsiveness highly satisfied	4	7	0	11
satisfied	6	17	2	25
neither satisfied nor dissatisfied	2	11	0	13
Highly dissatisfied	2	3	1	6
Total	14	38	3	55

**Interpretation**

From the table we see that 11 respondents are highly satisfied and 25 respondents are satisfied, 13 respondents are neither satisfied nor dissatisfied and 6 respondents are highly dissatisfied with the responsiveness as service quality dimension. Also 14 respondents strongly agree, 38 respondents agree and 3 respondents neither agree nor disagree with providing precise service to customers.

**1.2 Table showing impact of service quality dimensions on customer satisfaction**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.314	.335		3.929	.000
assurance	-.195	.110	-.303	-1.764	.084
reliability	.033	.075	.064	.439	.663
empathy	.178	.132	.190	1.346	.184
tangibility	.157	.120	.220	1.317	.194
responsiveness	-.008	.076	-.015	-.105	.917

a. Dependent Variable: customer satisfaction

**Interpretation**

From the table we see that the service quality dimensions like assurance, reliability, empathy, tangibility and responsiveness (0.084, 0.663, 0.184, 0.194, and 0.917) influences customer satisfaction. Responsiveness holds the highest value of 0.917 which has a greater impact on customer satisfaction followed by reliability (0.663) and tangibility (0.194)

**1.3 Table showing relationship between service quality and demographic factors correlations**

	overall service quality	age of the respondent	gender of the respondent
overall service quality Pearson Correlation	1	-.216	.733**
Sig. (2-tailed)		.113	.000
N	55	55	55
age of the respondent Pearson Correlation	-.216	1	-.279*
Sig. (2-tailed)	.113		.039
N	55	55	55
gender of the respondent Pearson Correlation	.733**	-.279*	1
Sig. (2-tailed)	.000	.039	
N	55	55	55

**Interpretation:** From the table we see that the Pearson correlation for overall service quality, age of the respondent and gender of the respondent is 1. It states that there is a strong correlation between overall service quality and demographic factors of the respondents. The significant value for the age of the respondents with overall service quality is 0.113 which is greater than 0.05 ( $0.113 > 0.05$ ). It denotes that there is no evidence of correlation existence in the population. Then the significant value for the gender of the respondent is 0.000 which is less than 0.05 ( $0.000 < 0.05$ ). It denotes that there is evidence of correlation existence in the population.

**1.4 Table showing the role of information technology in service quality coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.628	.131		12.457	.000
role of information technology	.038	.055	.096	.706	.483

a. Dependent Variable: overall service quality

H0 = There is no significant influence of role of information technology on service quality

H1 = There is significant influence of role of information technology on service quality

If the significant value is less than 0.05 then reject the null hypothesis

If the significant value is greater than 0.05 then accept the null hypothesis

From the table we see that the significant value is 0.483 which is greater than 0.05 ( $0.483 > 0.05$ )

So accept the null hypothesis

Therefore there is no significant influence of information technology on service quality

**Findings**

- Service Quality dimensions are analyzed in the banking sector. Majority of the respondents are satisfied with assurance, reliability, empathy, tangibility and responsiveness as service quality dimension
- Service quality dimensions like assurance, reliability, empathy, and tangibility and responsiveness influences customer satisfaction. Responsiveness holds the highest value which has a greater impact on customer satisfaction followed by reliability and tangibility

- There is a strong correlation between overall service quality and demographic factors of the respondents.
- There is no significant influence of information technology on service quality

### **Conclusion**

The nature of banking services encourages customers to demand the highest possible quality. In order to achieve this, it is essential to be very close to customers to capture information on customer current and future needs, expectations and perceptions. The main objective of this study was to examine the effect of service quality. The results of this study indicated that service quality is an important antecedent of customer satisfaction.

### **References**

- Berry, L. L., Bennet, D. R. & Brown, C. W. (1989). *Service Quality: A Profit Strategy for Financial Institutions*. Homewood, IL: Dow-Jones-Irwin.
- Goode, M. and Moutinho, L. (1995), "The effects of free banking on overall satisfaction: the use of automated teller machines", *International Journal of Bank Marketing*, Vol. 13 No. 4, pp. 33-40
- Zeithaml, V.A., Berry, L.L. and Parasuraman, A. (1996), "The behavioral consequences of service quality", *Journal of Marketing*, Vol. 60, April, pp. 31-46.