A Study of Analysis of Service Quality Dimensions with Special References to Commercial Banks in Tamilnadu

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Introduction

Service dimensions of service quality which have a causal relationship on customer satisfaction if this goal is to be achieved. Purpose this professional paper seeks to find out the service dimension(s) which has or have an impact on customer satisfaction of Commercial Banks in Tamilnadu, using the five service dimensions of service quality defined by Parasuraman, Zeithaml, and Berry (1988). The service dimensions are responsiveness, reliability, assurance, empathy and tangibles. The paper will also explore the Customer Satisfaction 1service aspects of the dimensions which have an influence on customer satisfaction. At the end of this study, Commercial Banks in Tamilnadu can utilize this information as a basis to improve their services, which may increase to higher levels of customer satisfaction. The knowledge would assist them to make the right decisions regarding the management of the Commercial Banks in Tamilnadu and the positioning of the Commercial Banks in Tamilnadu to their customers. While this study is limited by the sample size, some valuable insights into Customers satisfaction can be gained from this study.

Methodology

Research methods refer to the methods the researchers use in performing research operations. It includes those methods which are concerned with the collection of data, which are used for establishing a relationship between the variables and those methods which are used to evaluate the accuracy of the results obtained (Kothari, 2004).This section outlines the research hypotheses, and it gives an account of the methodology adopted, study are a chosen for the study, sample size, research design, and measures of the research instrument. Finally, the statistical tools which are used to analysis the data are discussed.

Research Objectives

The following objectives were identified based on the evaluation of the relevant literature:

1. To examine the effect of service quality dimensions such as Reliability, Assurance, Tangibility, Empathy and Responsiveness on customer satisfaction in retail bank.

2. To study the comprehensive model effect portraying the relationship among variables.

Research Hypotheses

H1: Service Quality dimensions namely Reliability

H1.1: Reliability will have a significant positive effect on Customer Satisfaction.

Service Quality Dimensions

The SERVQUAL scale is the principal instrument widely used to assess service quality of a variety of services. Parasuraman et al., (1988) have conceptualized a five- dimensional model of service quality consists of five dimensions: tangibles (appearance of physical facilities, equipment, personnel and written materials), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence), and empathy (caring and individual attention the firm provides its

customers). The twenty two item scale used by the Parasuraman, Zeithaml, and Berry., (1988) was adopted to measure the customer perceptions of service quality.

Pilot Study

A pilot study was conducted to validate the questionnaire and to confirm the feasibilityofthestudy.Thestructuredquestionnairewasdistributedtothecustomersof retails bank in Chennai during the banking hours. The filled-in questionnaires were collected from 60 respondents. The data collected through the pilot study was statistically analyzed, and the Cronbach's Alpha Criterion was applied to test the reliability. The value determined was 0.966 providing there liability of the instrument. The study was conducted in two stages format, with a preliminary pilot study followed by the main study analysis.

Statistical Tools used

The data was collected and have been quantitatively analyzed with the application of appropriate statistical tool which is Statistical Package Social Science 21.0 (SPSS) and Analysis of Moment Structure (AMOS, Version20). Using these tools the study analyzed and measured the data for descriptive analysis, reliability analysis, regression analysis and factor analysis, mediation analysis, and structural equation modeling. The results will be presented in the form of frequency, percentage and bar charts. Besides that, the relationships among the independent, mediating and dependent variables were tested. The results would be discussed and reported in detail under findings and analysis.

Reliability Analysis

Cronbach's alpha determines "the internal consistency or average correlation of items in a survey instrument to gauge its reliability associated with the variation accounted for by the true score of the underlying construct" (J.ReynaldoA.Santos,1999). This research had measured the internal consistency of each factor using the statistical tool SPSS version 21.

Review of Literature

H.Emari& S. Iranzadeh (2010) in the study entitled as, "Determining the Dimension of Service Quality in Banking Industry: Examining the Gronroos's Model in Iran", was to determine the dimensions of service quality in the banking industry of Iran. The study empirically examines the European perspective (i.e. Gronroos's model) suggesting that service quality consists of three dimensions, technical, functional and image. This research is an applied research and the results of the study showed that in case of a banking service the overall service quality is influenced more by a consumer's perception of technical quality than functional quality.

Muhammad Asif Khan (2010) in the article entitled as, "An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks" investigate significant dimension of ATM (automated teller machine) service quality and its effect on customer satisfaction. Questionnaire was used to collect the data from a convenient sample of 500 customers of multinational and national banks. The results indicate that convenience, efficient operation, security and privacy, reliability and responsiveness are significant dimensions of ATM service quality and that ATM service quality positively and significantly contributes towards customer satisfaction.

SandipGhosh&Kailash B.L. Srivastava (2010), in their study "Impact of Service Quality on Customer Satisfaction, Loyalty, and Commitment in the Indian Banking Sector", examined the strength of association among the independent variable, namely service quality perception and dependent

Confirmatory Factor Analysis

Confirmatory Factor Analysis (CFA) enables us to test how well the measured variables represent the constructs (Hair,Black,Babin, Anderson&Tatham, 2006).CFA was done with the help of Structural Equation Modeling (SEM) techniques using Amos software package

(Arbuckle,2012).CFA was conducted for the service quality and relationship marketingvariables.CFA is used to test a measurement model, where in there is a prior empirical or theoretical base specifying the number of latent or un-observed factors and the irrelationship with the observed items(Brown2006).

The service quality and relationship marketing variables had previously been submitted to an exploratory factor analysis to elucidate the way in which items relate to each other and then confirmatory factor analysis of the data was tested, in order to find the model fit. Analyses were conducted with SPS S21 and AMOS20 software (Arbuckle, 2009). Preliminary analyses consisted of confirmatory factor analysis (CFA). CFA is a common method used to evaluate measure instruments as expected by a pre-established theory (Byrne, 2010).The maximum likelihood method was used. For each latent variable, lambda was fixed to1 for the first observed indicator, as well as error weights. All other parameters were freely estimated. Several goodness of fit indices was selected to evaluate the model's adequacy. The major fit indices used in the study include the Chi-Square value(x^2), Goodness of Fit Index (GFI),the Root Mean Square Error of Approximation (RMSEA), Comparative Fit Index (CFI), Hairetal., (2006)felt that x^2 value along with the df, CFI and RMSEA score might be calculated and reported for measuring the adequacy of model fit. The x^2 measure of absolute fit is a very frequently used index in which the associated p-value is expected to be insignificant with a value above 0.05, indicating a good model fit (Joreskog&Sorborn,1984).But this criterion is satisfied only rarely because x^2 is very sensitive to sample sizes and the power of the test. Thus, the use Relative Chi-Square or Normed Chi-Square is generally warranted as it is considered to be less sensitive towards Samplesize. The cutoff Values for interpereting the$x2/df$ values differ from researcher to researcher. Values ranging from a score also was 2 to a value ashighas 5 (Carmines&Melver, 1981;Kline,2011).

Another important absolute measure off it includes the SRMR fit index. A value of zero implies a perfect model fit. Though any score close to zero is acceptable but generally a value of ≤0.08 is considered as a good fit. GFI and CFI value always ranges 0 and 1where1point outs a perfectly fit model (Jorskog&Sorborm, 1984), GFI and CFI values higher than 0.095 indicate a good fit (Bollen, 1990; Hu&Bentler, 1995) and a value greater than 0.90 is considered as an acceptable fit of model. Only items that showed factor loadings≥.40 in the corresponding factor were accepted.
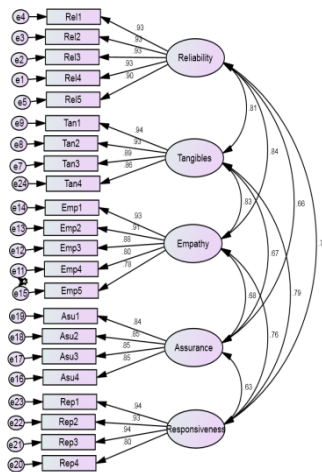

Figure 1: service quality dimensions

Reliability

It is the measure of the degree to which the set of indicators of a latent construct is internally consistent in their measurements (Hairetal, 2006).Reliability can be assessed by test-retest or

through internal consistency of the measure. Intest–retest, consistency is measured between the responses for an individual at two points in time. Responses should not to be too varied a cross time periods for a measure to be reliable. For a scale to be internally consistent, the individual items of the scale should all be measuring the same construct. Most widely used measurement of internal consistency is the Cronbach's alpha. Composite reliability that can be derived from CFA is also a measure of reliability.

Results and Discussions

Variables		Frequency	Percent
Gender	Male	286	49.9
	Female	287	50.1
	Total	573	100.0
Age	21 - 30	205	35.8
	31 - 40	171	29.8
	41 - 50	112	19.5
	Above 51	85	14.8
	Total	573	100.0
Occupation	Salaried	315	55.0
	Businessman	37	6.5
	Student	179	31.2
	Others	42	7.3
	Total	573	100.0
Educational Qualification	Schooling	13	2.3
	Graduate / Diploma	117	20.4
	Professional Qualification	137	23.9
	PG and above	306	53.4
	Total	573	100.0
Marital Status	Married	298	52.0
	Single	275	48.0
	Total	573	100.0
Monthly Income	Less than Rs.10,000	260	45.4
	Rs.10,000 to Rs. 20,000	197	34.4
	Rs.20,000 to Rs. 30,000	83	14.5
	More than 30,000	33	5.8
	Total	573	100.0
Duration of Account Holding	Less than 1year	11	1.9
	1-2 years	108	18.8
	2-3 years	124	21.6
	3-4 years	285	49.7
	more than 4 years	45	7.9
	Total	573	100.0
Frequency of Visiting bank	Daily	22	3.8
	Weekly	171	29.8
	Monthly	307	53.6
	Others	73	12.7

- The respondents of this study comprised of 287 males (49.9%) and 286 females (50.1%).
- 205 respondents (35.8%) were between the age group of 21 to 30 years, 171 respondents (29.8%) were between the age group of 31 to 40 years, 112 respondents (19.5%) were between the age group of 41 to 50 years and 85 respondents (14.8%) were above the age of 51 years.
- The total of 573 samples, 315 respondents (55%) were salaried, 37 respondents (6.5%) were business men, 179 respondents (31.2%) were students.
- 13 respondents (2.3%) were below graduation, 117 respondents (20.7%) had a graduate degree, 137 respondents (23.9%) had completed their post degree like CA, CS and PGDM, 306 respondents (53.4%) had completed their post-graduation degree.
- 298 respondents (52%) were married and 275 respondents (48%) are unmarried.
- Majority of the respondents 260 (45.4%) are earning less than Rs.10,000, 197 respondents (34.4%) are earning between Rs10,000 to Rs20,000,and 33 respondents (5.8%) are earning more than Rs30,000.
- Majority of the respondents 285 (49.7%) are holding their account between 3 to 4 years, 124 respondents (21.6%) are holding their account between 2-3years, 108 respondents (18.8%) are holding their account between 1-2 years, 45 respondents (7.9%) are holding their account more than 4 years.
- Majority of the respondents 307 (53.6%) are visiting their bank monthly; while 171 respondents (29.8%) were visiting weekly, while 22 respondents (3.8%) were visiting their bank daily.

MODELFITFORSERVICE QUALITY DIMENSIONS

Model	x^2	df	x^2/df	GFI	CFI	SRMR	RMSEA
Indices	855.64	198	4.32	.884	.957	0.05	0.07

The results off it indices are given in table1. The x^2 value for the model is 855.64 with adfof198. The relative chi-square value is 4.32. In this study GFI=. 88 slightly low, CFI=.957, SRMR= .05, RMSEA=.07, representing a good fit. The goodness off it measures shows reliable model fit. Thus, there is no modification made according to their commendation of the model modification Index.

Conclusion

Customer Satisfaction of Commercial Banks in Tamilnadu should pay more attention to the physical environment and be mindful that providing privacy, ambience, unique and outstanding interiors could lead to higher levels of customer satisfaction. The study also suggests that Customers in Commercial banks prefer a more satisfaction level.

Reference

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