"Measuring Service Quality Dimension in Public Banks and Public Insurance"

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ABSTRACT

The focus on customer-centric marketing philosophies has received significant attention in the marketing literature by both scholars and practitioners. Practitioners and Scholars are increasingly looking for ways to understand, attract, retain and build intimate long term relationship with profitable customers Kotler (2006), Gronroos (1994).

This research is an empirical study where primary data has been collected through a scale of Parasuraman, Zeithml, and berry 1986, 1988). The scale has been administered on 101 customers of Public Banks and Public Insurance, chosen on a convenient basis. The purpose of this paper is to evaluate the service quality of Public Banks and insurance companies, based on different levels of customers' perception regarding service quality with respect to Tangibles, Reliability, Responsiveness, Assurance and Empathy. This paper will make a useful contribution given that there are only a few studies dealing with the assessment of service quality in Public Banks and Insurance.

Keywords: Customer, Services Quality, Customer satisfaction, Public Banks and Insurance, Banker, Insurer, Government Banks and Insurance.

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I. INTRODUCTION:

In today's competitive business world, customer satisfaction is an essential performance index and basic differentiator of business strategies. So, more the customer satisfaction; more is business. Commerce always begins and ends with customers and that's why the customers are treated as the God of the business. Business enhancements, status, profit, image, brand etc of the organization depends on customers. Thus it is important for all the establishments to meet all the customer's expectations from scratch to top.

It is said that "Higher the satisfaction level, higher is the sentimental attachment of customers with the specific product/service or provider". This helps in making a strong and healthy customer and supplier/provider bonding. This unbeatable bonding forces the customer to be tied up with that particular provider and chances of defection are nil. Hence customer satisfaction is very essential aspect that each and every organization should focus to establish a renounced location in the globalized economy and enhance profit and business.

The focus on customer-centric marketing philosophies has received significant attention in the marketing literature by both scholars and practitioners. Practitioners and Scholars are increasingly looking for ways to understand, attract, retain and build intimate long term relationship with profitable customers Kotler (2006), Gronroos (1994).

CUSTOMER SATISFACTION:

Globalization has increased the competition in banking and insurance sector to attract potential customers. Every banker and insurer tries to provide superior services to keep satisfied customers. Customer happiness/contentment is a sign of customer satisfaction and has always been the most crucial object for any organization to exist in the cut throat competition.

Kotler et al. (2002) opines "Customer satisfaction has been defined as the extent to which a product's perceived performance matches a buyer's expectations".

Service quality

In general, the quality is basically classified into five categories, viz. transcendent, product led, process or supply led, customer led and value led. The definition of service quality is based on customer-led quality definition where quality is defined as satisfying customer's requirements (Deming, Juran, Feigenbaum and Ishikawa), relying on the ability of the organization to determine customers' requirements and then meet these requirements.

The service industries are mostly customer driven and their survival in competitive environment largely depends on quality of the service provided by them. In this context, quality of service furnished by banking sector is very important and profitability of their business is closely connected to the quality of service they render.

II. REVIEW OF LITERATURE:

Chatura Ranaweera et al. (2013) in their study on "Some moderating effects on the service quality-customer retention link" found that: Response from 461 samples was collected. The correct entries resulted in a valid response rate of 16.2%. They concluded that there were no significant differences in the response rates for the two companies of telecommunication.

Gupta Pallavi et al. (2013) in their research on "A comparative study on customer satisfaction in Indian public sector and private sector banks (with special reference to Delhi & NCR region)" concluded that: When the private sector banks are compared with public sector banks, Private Banks scored more in all the 22 parameters. Private Banks seems to have satisfied its customers with good services and they have been successful in implementing tangible factors like; infrastructural facilities, modern equipment, quality of materials used etc. Private sector Banks have been successful in achieving a satisfying relationship with customers however public sector banks have to improve a lot in this area.

Joji Rajan et al. (2013) in their research on "Bank assurance: A Comparative Study on Customer Satisfaction towards Public and Private Sector Banks in Pathanamthitta District-Kerala" concluded that the public & private sector banks are contending with each other which in turn influence the economy and majority of the general public does not pay much importance to public or private sector banks instead they pay priority to the convenience.

Ayyanar G. (2012) in his case study on "Customer's Satisfaction in Public and Private Sector Banks and their Comparison" concluded that public sector banks provide better services to their customers when compared to the private sector banks. The customers of public sector banks are more satisfied with traditional banking services such as ATM; Demand Draft and Cheque Book Facilities and Bank Accounts as compared to private sector banks whereas customers of private sector banks are more satisfied with counter services such as cash deposit, cash payment, issue a draft, cheque payment and cheque deposit provided by the bank.

Dash Biswamohan et al. (2012) in their study "E-CRM Practices and Customer Satisfaction in Insurance Sector" concluded that by implementing the factor analysis, factors have been extracted which are all part of CRM practice. These are brand popularity, innovative product delivery, quick and honest response, Building relationship, financial security. As far as effectiveness of factors across organizations is concerned, all the factors are proved to be the responsible and essential factors by delivering financial security and innovative products to the target customers and building the honest relationship. So it is fact that; all the undertaken insurance companies are getting success by practicing the above factor's. Also for brand popularity and financial security variances were not significant & the perceptual difference does not exist. So it is fact that; the respondents strongly believe that brand popularity and financial security are two most responsible factors for insurers by which they can generate satisfaction among customers. For private & public sectors all the 5 factors are proved to be the responsible factors; since the mean for all the factors are above four (4) and standard error means are all less than one (1). So it's a fact that, both private and public sectors are practicing all these five factors to build the better relationship with customers and to retain them. In case of t-test it is proved that the factors like financial security, brand popularity, and building the relationship are the influential factors to satisfy the customers.

Panwar U.S. and Hyde A.M. (2012) in their study on "Measuring Service Quality in Government Banks with special reference to Indore District" found that there is no significant differences in the service quality levels of respondents when analyzed with respect to age, gender, and education level, So it is evident that no separate promotional schemes to be designed for the whole set of customers of the banks.

Mishra Bishnupriya et al. (2011) in their study "Excellency in banking services; A new road map for banks in the emerging new competition" concluded that desirability regarding; flexibility, reliability, accuracy, e-channels, confidentiality, high attention to customers, low service charges & overall satisfaction is much higher than the availability. This is the reason for dissatisfaction among the customers and to some extent the customers may be shifting from one bank to another. Bridging this type of gap will increase the reputation of the bank and hence will the customer base.

Singh S.P. & Khurana Sunayna (2011) in their research on "Analysis of service quality gap and customers satisfaction in private banks" concluded that there is no significant difference between the Satisfaction level of male and female customer related to overall satisfaction, personal contacts of bank employees and quality of banking services. This means that bank customers whether they are male or females are just satisfied with services of private banks, they have more expectations from banks. Therefore the private banks should adopt measures to reduce the service quality gap, specially related to attributes likes "Bank staff giving customers best interest at heart, Personal attention given, Friendliness and courtesy of Bank staff, when my bank promises to do something by a certain time it will do so and Individual attention given by Bank staff".

Uppal R. K. (2011) in his study on "Customer Service in Banks: Mapping Excellence in Emerging New Competitive Era" Concluded that, it is the speed of rendering service that sets apart one bank from another. Prompt service is equated with quality service and also time is a major factor which affects the quality and reputation of the bank. E-banks are providing quick service and that's the reason they are becoming more popular. So it is very essential that all bank groups should put in place the right kind of systems to further cut down on service time and render instantaneous services to the customers.

Khong Kok Wei (2009) in his study on "Service Quality Index: A Study on Malaysian Banks" found that the service dimension of intangibles had a higher possibility to improve customer satisfaction and the service attributes to performance had positive association with customer satisfaction in Malaysian Banks.

III. RATIONALE:

In today's competitive business world, customer satisfaction is an essential performance index and basic differentiator of business strategies. So, the more the customer satisfaction; more is the business. Business enhancements, status, profit, image, brand etc of the organization depends on customers. Thus it is important for all the establishments to meet all the customer's expectations from scratch to top and customer satisfaction is one of the most important among it.

This study measures the satisfaction attributes of Public Banks and insurance, through the customer's satisfaction survey and helps the managers to draft strategy for the consumers.

IV. OBJECTIVE:

1. To measure and analyze the perception of customers towards Tangibles of Public Banks and Public Insurance.
2. To valuate the perception of customers towards Reliability of Public Banks and Public Insurance.
3. To assess the perception of customers towards Responsiveness of Public Banks and Public Insurance.
4. To study and analyze the perception of customers towards Assurance of Public Banks and Public Insurance.
5. To quantify and analyze the perception of customers towards Empathy in Public Banks and Public Insurance.

V. HYPOTHESIS:

H_{01}: There is no significant difference in Tangibles of Public Banks and Public Insurance.

H_{11}: There is a significant difference in Tangibles Public Banks and Public Insurance.

H_{02}: There is no significant difference in Reliability of Public Banks and Public Insurance.
H_{12}: There is a significant difference in Reliability of Public Banks and Public Insurance.

H_{03}: There is no significant difference in Responsiveness of Public Banks and Public Insurance.
H_{13}: There is a significant difference in Responsiveness of Public Banks and Public Insurance.

H_{04}: There is no significant difference in Assurance of Public Banks and Public Insurance.
H_{14}: There is a significant difference in Assurance of Public Banks and Public Insurance.

H_{05}: There is no significant difference in Empathy of Public Banks and Public Insurance.
H_{15}: There is a significant difference in Empathy of Public Banks and Public Insurance.

VI. METHODOLOGY:

a) Sampling Technique: Convenient.
b) Sampling Unit: Customers of Public Banks and Public Insurance..
c) Sampling Size: 101 customers each from Public Banks and Public Insurance companies.
d) Tools for Data Collection: Service Quality scale SERVQUAL (perception scale only) of (Parasuraman, Zeithml, and berry 1986, 1988).
e) Tools for Data Analysis: t- test, Reliability test.

VII. RESULT AND ANALYSIS:

7.1 Reliability Test:

Reliability of the measure was assessed with the use of cronbach's alpha. The reliability coefficients of the five dimensions of SERVQUAL (Perception scale) were consistent with the original version conducted by Parasuraman et al. (1988). Cronbach's alpha test is designed as a measure of internal consistency that is all the items within the instrument measure the same thing. It allows measuring the reliability of different variables. It consists of estimates of how much variation in scores of different variables is attributable to change or random errors (Selltiz et al. 1976). As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable and a good indication of construct reliability (Nunnally 1978), low value below the 0.5 implies that reliability may not be appropriate.

Even though Cronbach's coefficient of the scale of the original SERVQUAL had high internal consistency (.92) based on Nunnally's (1978) analysis, The Cronbach's coefficient of the total scale here is found to be (0.999). This supports Parasuraman et al.'s (1988) findings that the

SERVQUAL instrument could be utilized in various services without adaptation because the SERVQUAL has high reliability and validity. The Cronbach's alpha for the questionnaire is (0.769) (Table 1). Hence, the scale used here can be said as reliable and can be used for analysis.

Reliability Statistics	
Cronbach's Alpha	N of Items
.999	22

Table 1

7.2 Tangibles: The analysis of tangibles of Public Banks and Public Insurance shows that the significance difference is .927 (Table-3) which is more than .05 that means there is no significance difference between the tangibles of the Public Banks and Public Insurance. So hypothesis $\mathbf{H_{01}}$ is accepted. So it is concluded that there is no significant difference in Tangibles of Public Banks and Public Insurance.

Group Statistics					
	type of organization	N	Mean	Std. Deviation	Std. Error Mean
total score of tangibles	Govt. bank	101	19.72	4.775	.475
	Govt. insurance	101	19.63	4.923	.490

Table.2

Independent Samples Test										
Levene's Test for Equality of Variances				t-test for Equality of Means						
total score of tangibles		F	**Sig.**	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
	Equal variances assumed	.008	**.927**	.131	200	.896	.089	.682	-1.257	1.435
	Equal variances not assumed			.131	199.815	.896	.089	.682	-1.257	1.435

Table.3

7.3 Reliability: The analysis of Reliability of nationalized banks and insurance shows that the significance difference is .939 (Table-5) which is more than .05 that means there is no significance difference between the Reliability of the Public Banks and Public Insurance. So hypothesis $\mathbf{H_{02}}$ is accepted, so it may be concluded that "There is no significant difference in Reliability of Public Banks and Public Insurance".

Group Statistics					
	Type of organization	N	Mean	Std. Deviation	Std. Error Mean
total score of reliability	Govt. bank	101	24.48	5.900	.587
	Govt. insurance	101	24.85	5.631	.560

Table.4

Independent Samples Test										
Levene's Test for Equality of Variances				t-test for Equality of Means						
total score of reliability		F	**Sig.**	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
	Equal variances assumed	.006	**.939**	-.464	200	.643	-.376	.812	-1.977	1.224
	Equal variances not assumed			-.464	199.565	.643	-.376	.812	-1.977	1.224

Table.5

7.4 Responsiveness: When it comes to the Responsiveness the analysis of Responsiveness of nationalized banks and insurance shows that the significance difference is .035 (Table-7) which is less than .05 that means there is a significance difference between the Responsiveness of the Public Banks and Public Insurance. So hypothesis $\mathbf{H_{03:}}$ is rejected or it may be concluded that: There is a significant difference in Responsiveness of Public Banks and Public Insurance.

Group Statistics					
	type of organization	N	Mean	Std. Deviation	Std. Error Mean
total score of responsiveness	Govt. bank	101	14.30	5.139	.511
	Govt. insurance	101	14.45	5.821	.579

Table.6

Independent Samples Test										
Levene's Test for Equality of Variances				t-test for Equality of Means						
total score of responsiveness		F	**Sig.**	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
	Equal variances assumed	4.529	**.035**	-.192	200	.848	-.149	.773	-1.672	1.375
	Equal variances not assumed			-.192	196.970	.848	-.149	.773	-1.672	1.375

Table.7

7.5 Assurance: When it comes to the Assurance the analysis in nationalized banks and insurance shows that the significance difference is .046 (Table-9) which is less than .05 that means there is a significance difference between the assurance of Public Banks and Public Insurance. So hypothesis $\mathbf{H_{04:}}$ is rejected or it may be concluded that "There is a significant difference in assurance of Public Banks and Public Insurance".

Group Statistics					
	type of organization	N	Mean	Std. Deviation	Std. Error Mean
total score of Assurance	Govt. bank	101	19.97	4.770	.475
	Govt. insurance	101	19.43	5.330	.530

Table.8

Independent Samples Test										
Levene's Test for Equality of Variances				t-test for Equality of Means						
		F	**Sig.**	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
total score of Assurance	Equal variances assumed	4.046	**.046**	.765	200	.445	.545	.712	-.859	1.948
	Equal variances not assumed			.765	197.583	.445	.545	.712	-.859	1.948

Table.9

7.6 Empathy: The analysis of empathy of nationalized banks and insurance shows that the significance difference is 0.174 (Table-11) which is more than .05 that means there is no significance difference between the empathy of the Public Banks and Public Insurance. So hypothesis $\mathbf{H_{05:}}$ is accepted or it may be concluded that "There is no significant difference in empathy of Public Banks and Public Insurance".

Group Statistics					
Total score of empathy	Type of organization	N	Mean	Std. Deviation	Std. Error Mean
	Pvt. bank	101	16.98	6.921	.689
	Pvt. insurance	101	18.46	6.664	.663

Table.10

Independent Samples Test										
Levene's Test for Equality of Variances				t-test for Equality of Means						
		F	**Sig.**	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower	Upper
Total score of empathy	Equal variances assumed	1.865	**.174**	2.658	200	.008	2.663	1.002	.688	4.639
	Equal variances not assumed			2.658	198.579	.008	2.663	1.002	.687	4.639

Table.11

VIII. CONCLUSION:

This research explores the perception of customers regarding Tangibles, Reliability, Responsiveness, Assurance and Empathy towards the Public Banks and Public Insurance. It was observed that there is no significant difference in Tangibles, Empathy and Reliability between customers and with respect to the Responsiveness and Assurance a significant difference was found. The result indicated that the dimensions Tangibles Responsiveness and Assurance need to be improved by Public Banks and Public Insurance.

The study has an important implication that the banker and insurer should provide similar services to all the customers and need to improve on the above factors. It is observed that in the Responsiveness and Assurance there exists a significant difference which need to be reduced by the managers. This information will lead to reduction of expenses on account of the factors where no significant difference exists.

Limitation of the study is that the present study analyses the customer satisfaction attributes of Public Banks and Public Insurance in a small region. Furthermore, a small sample may not be the representative of the whole population and hence, in future, the research can be conducted by taking a large sample to facilitate a robust examination of the satisfaction attributes of the banking and insurance. Future study can also be conducted to identify demographic wise dimensions. The extension of this study can also include the providers (insurers and bankers) perspective to have a better understanding of the problem domain.

IX. SUGGESTIONS

It is found out from the study that, since significant differences were found in the Responsiveness and Assurance, so these factors are to be worked out, while in case of Tangibles, Empathy and Reliability there exists no significant difference so it is evident that separate strategy for development of Tangibles, Empathy and Reliability may not be designed. This information will lead to reduction of expenses on account of separate strategies for development.

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