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CUSTOMERS' SATISFACTION IN SERVICE QUALITY DIMENSIONS AMONG PUBLIC SECTORS BANKS AND PRIVATE SECTORS BANKS IN RAJASTHAN: A STUDY

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ABSTRACT

This study emphasises on the customer's satisfaction in service quality dimensions among public sectors banks and private sectors banks in Rajasthan. The study will involve the study of identifying the expectations (E) of customers regarding banking service, and to find out the perception (P) of customers regarding service quality of banks and then compare the Perception and Expectation service quality gaps in public sectors banks and private sectors banks in Rajasthan. The study is micro empirical investigation which involves the basic model of SERVQUAL instruments in order to measure the service Quality of banks. Structured Questionnaire with 5 points Likert's scale was used which were split into 2 sections. Expectation and perceptions was judged by using the 5 dimensions of SERVQUAL model. The study is based on non-probabilistic convenience sampling methods to select respondents from customers of public sectors banks and private sectors banks in five districts of Rajasthan. The data was analysed by using arithmetic mean with the help of SPSS version 16.0. It is found in finding that the service gap of private sector bank is lower in comparison to public sector banks, thus, it can be connoted that the private sectors bank customer were highly satisfied than public sectors bank customers. The SERVQUAL dimensions such as tangibility, reliability, responsiveness and empathy were found more in private sectors banks except in one dimension i.e. assurance the public sectors banks have better results. It is noteworthy that the both the type of banks must have adopt the suitable strategy to find the solutions to minimize the service gaps and focus on to improve the customers' satisfaction. The public sector banks should in particular plays dominant role in improving the performance of banks so that they would be able to maintain the market share in Rajasthan.

Keywords: *Public Sectors Bank, Customer Satisfaction, Private Sectors Bank and Service Quality.*

Introduction

The service quality is considered to be a critical determinant of competitiveness for maintaining and establishing the relationship of satisfying customers. It has been very well understood that the competition can be well managed by differentiating the quality. The emphasis of customer minded corporate culture, well equipped service-system design, information and effective use of technology plays a dominant role for providing superior service quality. The technological advancement have paved the way to world for providing the quick access to information and service to consumer in all industries including the banking sector. In the recent past, banking industry has invested substantial resources in bringing ICT to customer (Vijay. M. Kumbhar 2009). The developing country like India, it becomes inevitable to modernize and computerise the banking sector so that they would be able to cope up with recent advancement all over the world. It cannot be negated that the Indian banking sector is mixed with the public sector and private sector and the competition exists between them. Due to the competitive nature, banks are forced to focus on customer-centric so that they can retain their existing customers and to acquire new ones in addition to that banks are required to satisfy its customer to retain them.

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The technological development has also increased the customers' expectations on banking services. This study attempts to identity whether there is a significant difference between the public sectors banks and private sector banks situated in Rajasthan in terms of customers' satisfaction. The customer satisfaction is measured by using 'SERVQUMAL' model which is developed by Parasuraman, Zeithamal and Berry (1985). Banking industry in India, a well-developed financial system is one of the primary driving forces for enhancing the sustainable economic growth of the country. In simple, the entire economy mainly depends on the level of growth of financial system in the country. Since banks playing a dominant role in financial system, the Government of India GOI) often taking tremendous efforts to improve it.

The Government of India initiated nationalization of banks in the years of 1969 and 1980 sot that it can streamline the working of banks towards public welfare that has laid down a platform to improve banking industry and in turn the economy of the country in a sustainable manner. The necessity of private participation to improve the banking industry is of recent development across the world, the Indian Government has approved the liberalization policy in early 1990s which has led to implement the new generation banking in India. In this way the globalisation policy has enabled foreign banks to enter into the market and get acquaint with the latest technology. It has made the each and every bank to modernize its service taking into consideration the need of the customer involving ICT. The Rangarajan Committee (1989) stressed that the implementation of ICT in banks should improve quality of customer services and efficiency (Bide 1997).

Development of banking services in India: The use of Information and Communication Technology has made tremendous change in banking industry by making the quick and cost effective delivery of products and services to customers. (Mittal and Dhingra, 2007). The cut throat competition in the market has paved the way to meet the customer' expectation on time with optimum cost. Hence, it becomes paramount importance to implement the innovative mode of service delivery in order to survive in the market. (Dr. Deepak Gupta, et al 2011). The process of computerisation was first implemented in few private sector banks then the public sectors banks in India in the year 1085. [Vijay, M, Kumaran 2009]. The Indian banks has invested more funds for branch automation and computerisation and some of the innovative services being provided to the Indian customer by the Indian banking sector such as automated teller machine (ATM), Mobile banking, Internet Banking, Core Banking, Electronic Clearing Service (ECS), Electronic Funds Transfer (EFT) and Tele Banking.

Literature Review

Each and every customer has their own experience regarding a particular product or service and these experiences can be termed as customers' expectations. This is more relevant when we discuss the services industry like banking. The Service Quality (SERVQUAL) model was developed by parasuraman, Zeithaml and Berry. They began it by customers' expectation on services and then compare it with the actual perceived experience of customers and then find out the level of customer satisfaction. (V.A. Zeithaml et at 1985). It has been noted by Blanchard that the expectation are subjective and are neither static nor predictable (Blanchard et. Al, 1994). Customer's perception of experiences It refers to customers impression, awareness and / or consciousness about a company or its offerings. Customer's perception can be defined as the judgement about the quality of product / service consumed by them. Lewin has mentioned that perceived quality means consumers judgement towards products / service overall excellence or superiority (Lewin 1936). The determinants of perceived service quality tend to pay an important role in high skill and technology – involving industry like banking service. (Abu Baker Siddique, et al 2011). Customer satisfaction is an important and relevant concept. The level of satisfaction is subjective hence it will vary from person to person, product to product and service to service. Thus, it is very much possible that the gap exists between the customers' expectations and actual perception of experience in any service that essentially leads to customer dissatisfaction. Hence, it becomes essential for the service industry to narrow down this gap in order to increase the customer satisfaction. Many researchers have investigated the relationship between expectations perceived service quality and customer satisfaction. (Zeithaml, et al 1988). The leading indicator such as purchase intentions and loyalty comes from the customer satisfaction. The market perception can also be judged through the customer satisfaction. (Abu Bakar Siddique, at al 2011). It can be found in many researches that customer satisfaction and service quality is conceptually distinct, (Bitner, 1990), but it cannot be said that these two are the major factors in influencing the purchase intention of customers. (Prasante K. Padhy, et al 2009).

The Zeithaml has mentioned that the service gap between customer's expectation of performance and their perceived experience of performance is used as measurement of customer satisfaction. (Zeithaml et al 1985, cronin and Tajlor, 1993) has proposed a theory that combines the two different measures perception and expectation of performance into a single measurement of performance according to expectation.

SERVQUAL Models' Dimension: The Service Quality Model considers service quality as multidimensional concept and is used to assess the wervice quality in any setting. Originally it involved ten dimensions of service quality namely reliability, responsiveness, competences, access, courtesy, communication, credibility, security, understanding the consumer and tangibles. Later, these were reduced to five such as tangibles, responsiveness, assurance, reliability and empathy.

- Tangibles includes the appearance of facilities, equipment, materials and personal.
- Reliability is the performance of the service in a dependable and accurate manner. Responsiveness can be termed as the willingness of the staff to help the customers and provide prompt service.
- Assurance is the staff's behaviour and their ability to provide courteous and knowledgeable service.
- Empty refers to the staff's ability to understand the need of the customer.

Customer Satisfaction in Public/Private banks: In a study, Nirmaljeet Virk, Prahhjot Kaur Mahal (2012) has put forth that the most of the customers prefer the private sector banks as they focus on relationship building with their clients and better equipped with moren infrastructure as compare to public sector banks. Surabhi Singh and Renu Arora, (2011) have concluded that the behaviour of employees and infrastructure are not up to the satisfaction of the customers of Nationalised banks and with respect to the private sector and foreign banks the high charges, accessibility and communication is the worrying factor to the customers. It has been noted that the foreign banks are the better in providing the services and products when compared to other banks. (RBI 2001). Most of the researchers' findings shows that customer satisfaction is comparatively better in private sector than the public sector banks in India.

Susesh (2007) has connoted that the deficiency in tangibility, lack of responsiveness and empathy are the major reason for poor service quality and it is generally not seen in case of private sector banks. It is also noteworthy that the performance of the privatised state owned banks when compared with other banks have increased by 95 percent after their privatisation. Service quality is considered to be important aspect of customers' satisfaction in Indian banking industry irrespective of public and private sector banks and it is found to be strongly related with the propensity to recommend. (Monica Bedi 2010). M.J.Vidhyaa (2009) has revealed that the both SBI and ICICI banks are competing equally with each other but the customer complaint handling in SBI is slightly low in line when it is compared to ICICI.

Research Methodology

Objectives of the Study

- To measure the expectations (E) of customers regarding bank services in public sector banks & private sectors bank in Rajasthan.
- To ascertain perceptions (P) of customers regarding service quality in public sector banks and private sector banks.
- To analyze and compare service gap (P-E) of customers in public sector and private sector banks in Rajasthan.

Hypotheses

H_{o1}: Service quality does not have any effect on consumer satisfaction of Public and Private Sector Banks of Rajasthan.

H_{a1}: Service quality significantly have an impact on consumer satisfaction of Public and Private Sector Banks of Rajasthan.

Sampling

The population for the study consists customers of banking services dealing with public and Private sector banks in Rajasthan. Five hundred questionnaires were filled from the customers having banks account in the Public and Private sectors banks Jodhpur, Nagaur, Udaipur, Ajmer and Jaipur. The data was collected through self-administered questionnaire by visiting the bank branches and getting responses from customers.

Sample Area

The data was collected from customers of banking services dealing in Public and Private sector banks from five districts of Rajasthan.

Sampling Technique

The data was collected through self-administered questionnaire by personally visiting the bank branches and getting responses from customers as well as from bank officers.

Results and Discussion

The tables explain the expectation and perceptions of service quality and its dimensions: responsiveness, assurance, reliability, tangibility and empathy. As declared, perceptions were considered on a seven point strongly agree to strongly disagree scale.

Table 1: Overall Service Quality

S.No.	Servqual Dimension	Public Sector Banks			Private Sector Banks		
		Expectation	Perception	Gap	Expectation	Perception	Gap
1.	Tangibility	32.252	28.844	4.408	33.04	33.036	.004
2.	Reliability	23.392	19.956	3.436	23.364	23.364	(0.084)
3.	Responsiveness	18.972	15.532	3.44	18.852	18.644	0.208
4.	Assurance	18.716	15.644	3.072	18.524	19.12	(0.596)
5.	Empathy	18.848	17.104	1.744	18.624	18.692	(0.068)
	Total	113.18	97.08	16.1	112.32	112.856	(0.536)

The analysis of Table indicate that their exists perceptual distinction between Indian Public sector banks relating to service quality with their respecting customers whereas the perceptual differences are narrower in case of private sector banks.

The mean of expected service quality of Public Sector Banks (113.08) and perception service quality of Public Sector Bank (97.08) when compared to mean of expected service quality of Private Sector Banks (112.32) and perception service quality of Private Sector Banks (112.856) shows that there is a major difference in the quality of service being delivered by Public Sector Bank as the gap of expectation and perception is (16.1) and Private Sector Banks has negative gap of expectation and perceived service quality which is (-0.536) hence the Private Sector Banks give more better service quality than the Public Sector Banks to their customers. In other words, service quality delivered by banks such as Private Sector Banks is higher than that of Public Sector Banks.

Data Analysis of Service Quality: Dimension-wise

Table 2: Expectation, Perception and Gap of Customers in Relation to Banks Tangibility

Servqual Dimension	Public Sector Banks			Private Sector Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Tidy in appearance	4.912	4.088	0.824	4.736	4.708	0.028
Physical Facility	4.828	4.032	0.796	4.844	4.74	0.104
Innovative equipment	4.74	4.2.4	0.536	4,672	4.704	(0.032)
Internet banking services	4.748	4.232	0.516	4.7	4.68	0.02
ATM Technically equipped	4.648	4.208	0.44	4.648	4.7	(0.052)
ATM's in sufficient numbers	4.652	4.032	0.62	4.728	4.756	(0.028)
Material in banks	4.742	4.048	0.676	4.712	4.748	(0.036)
Tangibility (1+2+3+4+5+6+7)	33.252	28.844	4.408	33.04	33.036	0.004

The data in Table- fetch to light the distinction in the expectation and perceptions of the banks—Public Sector Banks and Private Sector Banks with their relevant customers on tangibles. The data tells that Private Sector Banks mean gap between expectation and perception is 0.004 which is less in comparison to Public Sector Banks which is 4.408.

It is noteworthy that the private sector bank mean gap of expectation and perception becomes negative in case of innovative equipment, ATM Technically equipped, ATM's in sufficient numbers and Material in banks which states that they are getting more than expected. Whereas in public sector bank expectation is greater than perception in all the cases.

Table: 3 Expectation, Perception and Gap of Customers in Relation about Banks Reliability

Servqual Dimension	Public Sector Banks			Private Sector Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Performing service right the first time	4.616	4.08	0.536	4.656	4.588	0.068
Provide service at promised time	4.58	4.052	0.528	4.552	4.716	(0.164)
Promise to do in time	4.716	3.952	0.714	4.72	4.632	0.088
Interest in solving the problem	4.712	3.988	0.724	4.664	4.728	(0.064)
Error free records	4.768	3.884	0.884	4.688	4.7	(0.012)
Reliability (8+9+10+11+12)	23.392	19.956	3.436	23.28	23.364	(0.084)

The mean gap of expectation and perception of customers' reliability dimension of service quality shows that the Public Sector Bank has 3.436 whereas Private Sector Bank has -0.084 which is negative. Hence Private sector bank provides better service quality on reliability dimension than Public Sector Banks. The factor wise analysis of reliability explains that Public Sector Bank is far below in case of provide service at promised time, interest in solving the problem and the perceptions of their relevant customers as far as keeping promise, Interest in solving problem, and error free records.

Table 4: Expectation, Perception and Gap of Customers in relation about banks Responsiveness

Servqual Dimension	Public Sector Banks			Private Sector Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Always willing to help customers	4.744	3.828	0.916	4.688	4.556	0.132
Never too busy to respond to customers' requests	4.7	3.952	0.748	4.776	4.732	0.044
Telling customers exactly when service will be performed	4.744	3.828	0.916	4.74	4.676	0.64
Giving prompt service to customers	4.784	3.924	0.86	4.648	4.68	(0.032)
Responsiveness (13+14+15+16)	18.972	15.532	3.44	18.852	18.644	0.208

The data in Table illustrate that there are important expectation and perceptual differences on the responsiveness dimension of service quality with their customers. Public Sector Banks have more total mean gap of expectation and perception on responsiveness dimension which is (3.44) that shows that the Private Sector bank is far below gap of expectation and perception which is (0.208). The element wise analysis of this dimension shows that Public Sector Bank is falling below the perceptions of their customers on giving prompt service to customers.

Table 5: Expectation, Perception and Gap of Customers in Relation about Banks Assurance

Servqual Dimension	Public Sector Banks			Private Sector Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Feeling safe in their transactions	4.68	3.804	0.876	4.768	4.76	0.008
Having knowledge to answer customers questions	4.716	4.076	0.64	4.608	4.748	(0.14)
Consistently courteous with customers	4.644	3.876	0.768	4.616	4.784	(0.168)
Behaviour of employee will instill confidence in customers	4.676	3.888	0.788	4.532	4.828	(0.296)
Assurance (17+18+19+20)	18.716	15.644	3.072	18.524	19.12	(0.596)

The perceptual variation between Public Sector Banks (15.644) and Private Sector Banks (19.12) in above mentioned table, customers are low as is evident from the mean. The respondents of Public Sector Bank has given rating of expectation and perception which has mean gap of (3.072) whereas the gap of Private Sector Bank of expectation and perception is negative which is (-0.596). The factor wise analysis illustrates that Private Sector Bank is greater in perceptions of their customers as far as having knowledge to answer customers' questions, consistently courteous with customers; behaviour of employee will instil confidence in customers.

Table 6: Expectation, Perception and Gap of Customers in Relation about Banks Empathy

Servqual Dimension	Public Sector Banks			Private Sector Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Giving customers personal attention	4.588	4.248	0.34	4.536	4.72	(0.184)
Giving customer individual attention	4.816	4.48	0.336	4.736	4.7	0.036
Convenient operating hours	4.72	4.312	0.408	4.62	4.692	(0.072)
Able to understand the specific needs of the customers	4.724	4.064	0.66	4.732	4.58	0.152
Empathy (21+22+23+24)	18.848	17.104	1.744	18.624	18.692	(0.072)

The data analysis of above enumerated table relate the factor that banks such as Public Sector Banks mean gap of expectation and perception is 1.744 stand away from their customers regarding delivery of quality services when compared with Private Sector Banks whose gap is negative -0.072. There exists a wide gap between the perceptions of banks such as Public Sector Banks and their customers as is evident from there mean.

Conclusion

Customers' expectations perceptions and service gap of private sector banks is better than that of public sector banks in case of all the service dimensions expect the dimensions of assurance in which public sector banks exceeds private sector banks. The more expectation in private sector banks is may be due to greater interest in transaction which them than with public sector banks.

Customer's expectations reveal that they believe better satisfaction can be arrived with private sector banks than with public sector banks. As the service gap regarding the dimensions of tangibles, responsiveness and empathy were comparatively lower than public sector banks they provide greater satisfaction to their customers.

In case of public sectors banks the service gap regarding assurance is comparatively lower than private banks. Which reveal that the public banks enjoy confidence among customers in Rajasthan. The service gap is very high in dimensions of responsiveness and empathy which exhibits the lack of employee's responsiveness especially in providing prompt services. It is very important for the public sector banks to improve responsiveness among employees which is one of the major concerns for customers.

In case of private sectors banks, it is important to generate and improve confidence among customers and to give utmost safety to their customers. Even though service gap is comparatively better than public sector banks, the private sector banks should be very careful because the public sector banks are being privatised and gaining market share in India. The expectations of customers are rising in a very high rate, hence banks should give greater effort to meet it.

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