

Comparative study on service quality gap between Public sector bank and Private sector banks in Tirunelveli District

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Abstract

Banking sectors plays a crucial part of any economy in the world and the bank Which offer service quality is important factors of the customer satisfaction.in this study a researcher made an attempt to compare the service quality gap between Public sector bank and Private sector banks in India. And also this study provides the valuable insight into their strength and weakness and also finds out area to be improve.it focus on various aspects of service quality like responsiveness ,assurance, empathy and reliability by using tools and technique to collect and analyses the data.by comparing the dimensional gap between these two banks the study offer the valuable and useful recommendation to enhance the customer satisfaction and promotes the healthy competition.

Introduction

The term service quality is the combination of dual word as service and quality . The banking industry significantly contributes to the economic and social progress of nations all over the world. Since India's independence, the banking services sector has seen fast change. The quality of service that clients expect is rising as there are more banks on the market. It has become essential to examine the bank's level of service quality in order for the service providers to evaluate their own performance and pinpoint areas in need of improvement. One of the key

factors influencing a customer's pleasure is the quality of the services they receive. Given the current environment's heightened competitiveness, service quality has emerged as a crucial component that must be carefully considered in order to maintain a competitive edge and maintain positive customer relationships.

Objectives of the study

1. To identify the service quality gap in private and public sectors bank based on service quality dimension in Tirunelveli District
2. To evaluate the relationship between service quality gap score based on perception and expectation level with overall satisfaction level of the customers of public and private sector banks

Methodology

Researcher collected data form the 300 customers in Tirunelveli district, among them 150 customers from public sector bank and 150 customer form Private bank based on convenience sampling technique. In order to collect the data from the customers the questioner has been divided into two segmentation containing expectation level and perception level of the customers of Public sector and Private sector banks. Researcher used five-point Likert scaling technique and used the paired sample t – test to find out the service quality gap between two banks.

Statement of the problem

This study aims to compare and identify the service quality gap between Public sector and Private sector bank in India .But its difficult to say that which bank offering the best services to their customer .hence this paper helps to identifies the current status of the bank

which provides the quality of services and also it helps the banks to make improvement in an specified area and focus to close the gap and to enhance the customer satisfaction.

Service Quality

Service quality is defined as the difference between expectation level of the customers and their perceived services. If the customers expectation are greater than the performance, then the quality that they perceived is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al., 1985; Lewis and Mitchell, 1990)

Dimensions of Service Quality

Several elements influence what customers expect from and think about service. Some academics utilise a variety of metrics to assess how customers perceive and expect the quality of the services they receive.

Parasuraman, Zeithaml & Berry (1988) have measured the gap between perception and expectation of customers with five (05) dimensions of service quality, namely, reliability, tangibility, responsiveness, assurance and empathy.

Review of Literature

Joshua A J and Moli.V (2005) conducted the research on the topic “Expectation and Perception of service Quality in old and new generation banks” and they found that the performance level of new generation banks service quality dimensions is better than the old generation bank.

Sudesh (2007) made research “service quality in banks – A study in Haryana and Chandigarh” he found that the service quality offered by public sector bank is poor due to deficiency in tangibility, lack of empathy and responsiveness. On the other hand, private sector banks found to more reformed in this regard.

**Paired sample t – test
Analyzing the service quality gap dimensions of
customer perception and expectation in
Public sector bank**

H₀ : There is no significant difference between the mean score of customer perception and expectation towards service quality dimensions gap score in public and private sector bank

H₁ : There is no significant difference between the mean score of customer perception and expectation towards service quality dimensions gap score in public sector banks

Public sector bank

Service Quality dimension	Pairs	Mean	Gap score	S.D	T-Value	P-value
EMPATHY	PE_T	2.13	-1.610	1.469	-18.981	.000
	EE_T	3.74				
RESPONSIVENE SS	PR_T	2.36	-1.663	1.606	-17.941	.000
	ER_T	4.03				
ASSURANCE	PA_T	3.59	-.477	1.529	-5.400	0.001
	EA_T	4.06				
TANGIBILITY	PT_T	2.40	-1.363	1.757	-13.437	.000
	ET_T	3.76				

Private sector bank

Service Quality dimension	Pairs	Mean	Gap score	S.D	T-Value	P-value
EMPATHY	PE_T	3.69	1.083	1.535	12.221	0.001

	EE_T	2.60				
RESPONSIVENE SS	PR_T	3.44	-.573	1.532	-6.484	0.001
	ER_T	4.01				
ASSURANCE	PA_T	2.13	-1.727	1.547	-19.332	.000
	EA_T	3.85				
TANGIBILITY	PT_T	3.63	.357	1.628	3.794	0.001
	ET_T	3.27				

Note : negative score point out the customer perceived the service quality delivered by bank did not meet their expectation level whereas the positive gap indicates the perception exceeds the above level of expectation

The above table implies that the value of p is less than 0.05.so the null hypothesis is rejected at 5% significant level. Which means that the significance difference between the mean score of perception and expectation of service quality gap.

Comparing public and private sector service quality dimensions gap score

Based on empathy dimension the public sector bank has negative gap score(-1.610)which means the customer expected high but they perceived low but with regards to private sector bank the empathy dimension gap score carries positive (1.083) which indicates the perception exceeds above level of expectation than public sector banks.

Followed by the responsiveness dimension of public sector bank has negative gap score (-1.663) but the private sector banks gap score contains (-.573) which indicates that the customers of public sector banks has high gap score comparing the customers of private sector banks which means the expectation level was not satisfied in public sector bank comparing to private sector banks.

Thirdly with regards to Assurance dimensional gap score of the public sector banks carries the negative gap score (-.477) and private sector bank carries negative gap score (-1.727) which denotes that public sector banks have low negative gap score comparing to the private sector banks.

Finally with regards to Tangibility dimension gap score of public sector banks which holds the value of -1.363 and private sector gap score 0.357 which indicates that the private sector has a positive gap score comparing to the public sector bank with regards to the tangibility dimension .which means that the private sector customers perception level exceeds the expectation .

Public sector banks service quality dimension gap score and satisfaction level

With regards to the pair of customer perception and expectation towards one of the dimensions of Empathy which carry the gap score of -1.610 followed by responsiveness gap score is -1.663 ,assurance carries -0.477 and finally the tangibility contains -1.363.Hence it can be found out that among four dimensions of service quality gap score Responsiveness contain the highest negative gap score of -1.663 .which insist that the customers are not fully satisfied with the Responsiveness dimensions. with regards to low negative gap score among four dimensions tangibility -1.363 which indicates that the public bank customers are some what satisfied with tangibility dimensions .

Private Sector banks service quality dimension gap score and satisfaction level

With regards to the pair of customer perception and expectation towards one of the dimensions of Empathy which carry the gap score of 1.083 followed by responsiveness gap score is -0.573 ,assurance carries -1.727 and finally the tangibility contains 0.357 .Hence it can be found out that, among four dimensions of service quality gap score Assurance contain the highest negative gap score of -1.727 .which insist that the customers are not fully satisfied with the Assurance dimensions. with regards to positive gap score among four dimensions ,Empathy

is 1.083 which indicates that the Private bank customers are fully satisfied with Empathy dimensions.

Suggestion

Both public and private sector bank has to use the feedback system regularly to improve the satisfaction level of the customers

private sector bank has to invest in latest technology to improve the service quality standards and customer satisfaction level .

public sector bank has to improve the level of service quality by appointing the qualified staff and make them trained regularly and make them to handle the customer very kindly and providing the service promptly

public sector bank has to maintain the technology oriented services to remain competitive and also it must improve the infrastructure for delivering the standard service quality for compete with private sector banks

Conclusion

Service quality plays an important role among customers while selecting the banks and the private sector banks score higher in this study area comparing to the public sector banks. Hence the public sector banks has to improve the service quality by tanking many initiative to attract the customers which leads to satisfies the customers.in this present study it founds to be Having high gap score between the customers' expectation and perception of service offered by the private and public sector banks .this gap has to be reduced by giving individuals attention to find out the customers needs.

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