Comparison of Service Quality between Government and Private Banks in Indore

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Abstract- **The main objective of this research paper is to measure and compare the service quality offered by government and private bank in Indore. In present time competition is increasing among the banks, this study is used to finding the key strategic tool to achieve competitive advantage and customer satisfaction. The service providing firms are now realizing the significance of customer satisfaction and turning to quality management processes to managing their business. This paper highlights the difference between services of private and government banks. In this paper quality of service is measured on the basis of SERVQUAL model. This model is adopted by Parsuraman et. al (1988). The gap score is calculated on the basis of five dimensions of service quality Tangibility, Reliability, Responsiveness, Assurance, Empathy. Another aim of this paper is how service improvement can become more integrated and logical with respect to the prioritized service quality dimensions and their affection on increasing or decreasing service quality gaps.**

Keywords- **Service Quality, Expectation, Perception, Satisfaction, Government and Private Banks.**

I. INTRODUCTION

Service quality and customer satisfaction have been for this recent year important topics both for academic world and for the researcher in the field of marketing (Ueno, 2010). The attention directed to these two concepts, service quality and customer satisfaction is mainly due to harsh competition among private and government banks in the market. The key to the competitive advantage is to deliver high quality services, services that exchange will generate the customer satisfaction (Sureshchandar et al. 2002). Service quality can be defined as the difference between customer expectation of service and perceived service. If expectations are greater than performance than perceived quality is less than satisfactory and hence customer dissatisfaction occur (Parasuraman et al., 1985; Lewis and Mitchell, 1990). Hayes (1997) describe that the process of identifying customer's attitudes begins with determining customer's requirements or quality dimensions. There are number of researchers who provide the lists

of service quality determinants, but the best determinant given by Parasuraman and his colleagues from USA, who found five dimensions of service quality namely Tangibility, Reliability, Responsiveness, Assurance, Empathy (Parasuraman et al. 1988; Zeithmal et al. 1990). Gronroos (1984) noted that the quality of service as perceived by customers consists of three dimensions: functional means the process of service delivery to the customers, technical means the outcomes generated by the service to the customers, and image means how the customers view the company.

II. LITERATURE REVIEW

Parasuraman, Berry and Zeithmal (1991) defined service quality as "The extent of discrepancy between customer's expectation or desires and their perception." Gronroos (2002) says the service quality is the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get. Asubonteng et al. (1996) says "The difference between customers' expectation for service performance prior to the service encounter and their perception of service received". Service quality is considered as the difference between customer expectations of service and perceived service. If expectations are greater than performance then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al. 1985 Lewis and Mitchell 1990). Joshua A J and Moli P Koshi (2005) that expectations and perception of service quality in old and new generation banks observed that the performance of the new generation banks across all the service quality dimensions are better than those of old generation banks. Sandip Gosh Harsha and B L Srivatsava (2009) in their study indicated that the bank should pay attention to this service quality and pay more attention to dimensions of responsiveness and empathy to increase the loyalty to company willingness to pay, customer commitment and customer trust. There are 22 questions which include almost all the services of Government Bank The gap score is calculated by five dimensions of service quality are describe below:
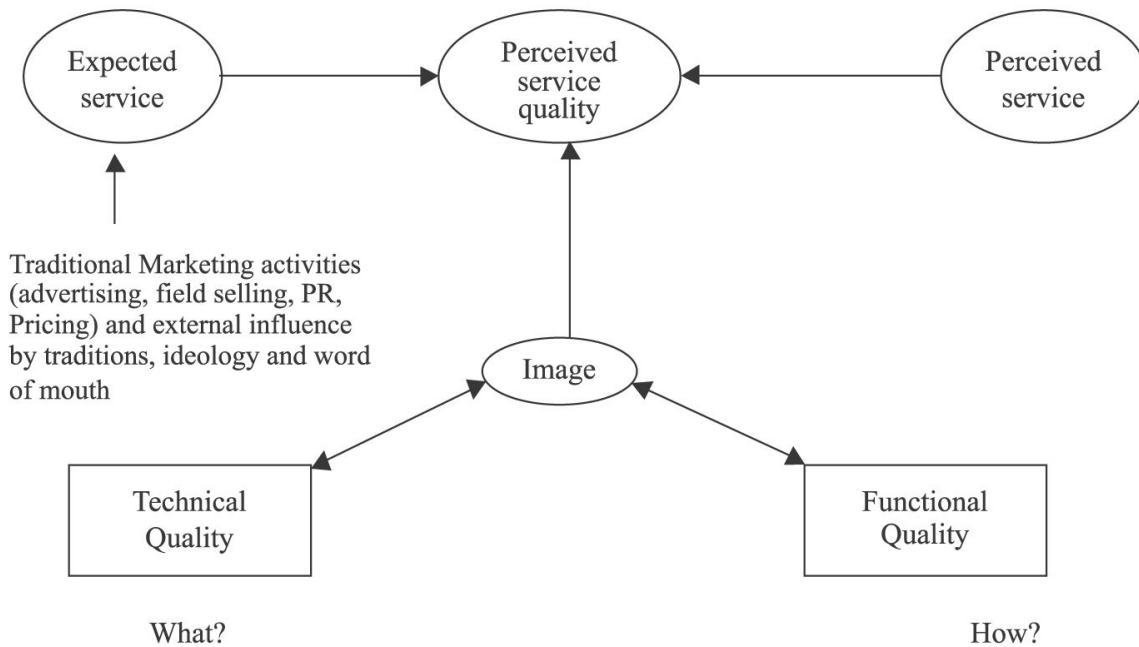
Source: Grönroos (1984)

Fig. 1 Service quality model

A. Tangibility

Tangibility refers to the service which are physically observed by the customer in the bank which include modern looking equipment, materials associated with the service such as pamphlets, statements, neat appearing of employee, physical facilities etc. These qualities represent the tangibility and evaluate the capability of service providers.

B. Reliability

Reliability is to convey the trust to performing services and show the sincerity to solve the problem of customers. Reliability means ability to perform the service at designated time. It include the performance of services right at the first time and error free records and perform the promised services dependably and accurately.

C. Responsiveness

Responsiveness means service provider's willingness to help the customers and provide prompt services. It refers to the respond to the customers request and inform to customers about the services and latest technology.

D. Assurance

Assurance is related to behavior of employee, the employee should have ability to inspire the trust and confidence. It include safe transaction, employee should have knowledge to answer the customer's questions and consistently courteous with customers.

E. Empathy

It refers to the caring individual attention provide to customers. The customers in bank are related to different social background so employee should emphasize personal attention to customers and understand the specific need of customers. It also includes operating time convenient for all customers.

III.   GAP ANALYSIS

Gap analyses were used to identify the causes of service quality shortfalls in each or all of the dimensions. Generally the gap is generated between service providers and service receivers. Measuring the gap between service providers and service receivers is a routine customer feedback process. There are five gaps are described below:

GAP1: Gap 1 is generated between customer expectation and management perception of these expectations. This gap is arises from lack of management, inadequate communication and too many levels of management. This gap is known as market research gap. This gap s reduced by reducing the level of management, better communication between management and its contact employee and improving the market research.

GAP2: Gap 2 is generated between management perception and service specification. This gap is also known as design gap. Design gap is arises from lack of management commitment to service quality, a perception of unfeasibility and absence of goal setting. This gap can be reduced by setting goals and standardizing service delivery tasks.

GAP3: Gap 3 occurs between service specification and service delivery. This gap is also known as conformance gap. Conformance gap arises from lack of team work, poor employee selection, inappropriate supervisory control system and poor technology job fit. It can be reduced by proper training to employee and improve the selection process of employee.

GAP4: This is the discrepancy between service delivery and external communication. This gap is arises from lack of information and provided to contact personnel. Communication gap is reduced by providing the information to contact personnel. Gap 4 is known as communication gap.

GAP5: This gap is occurs between customer's perception and customer expectation. It is also known as customer satisfaction gap.

IV. METHODOLOGY

The service quality model developed by Zeithamal, Parsuraman and Berry (1998) has been used in the present study. Forms with determined question were developed. This form is used to measure the customers' expectation and customers' perception. The questions used in questionnaires are taken from SERVQUAL model. There are 22 questions in questionnaire which are based on dimensions of service quality. The 7 point Likert scale is used to measure the service quality. There are following steps to calculate the gap score:

A. Selection of banks

There are two banks are used to compare the service quality. Here we are comparing the service quality between government and private bank in Indore, One is Government Bank and another is Private Bank. In both the banks number of customers are more than other banks.

B. Selection of customers

The customer who has current account in Government Bank and Private Bank, are select for survey. The current account holders have daily transaction therefore current account holders are select.

C. Sample size

As the study is about measuring service quality and comparison of service quality of government and private bank, the population include mainly clients of Government Bank and Private Banks in Indore. Sample sizes in both banks are 100. 100 customers of Government Bank and 100 customers of Private Bank are taken for survey in Indore.

D. Design of Questionnaire

The customers fill the questionnaire according to their expectation and perception. 22 questions are in questionnaire which is based on bank services. This questionnaire fewer than five dimensions of service quality.

E. Calculation and Result

7 point Likerts scale is used to calculate the gap score. Point 7 is given to strongly agree and point 1 is given to strongly disagree. After survey of 100 customers in Government Bank and Private Bank, we calculate the average gap score of each dimension and then calculate the overall gap score. The gap score is described below in table:

TABLE I
AVERAGE GAP SCORE OF GOVERNMENT BANK

Sr.No.	Dimensions	Average gap score
1	Tangibility	3.01
2	Reliability	2.76
3	Responsiveness	3.325
4	Assurance	1.89
5	Empathy	2.825
	Average gap score	2.762

TABLE II
AVERAGE GAP SCORE OF PRIVATE BANK

Sr.No.	Dimensions	Average gap score
1	Tangibility	1.91
2	Reliability	2.69
3	Responsiveness	2.892
4	Assurance	2.382
5	Empathy	2.945
	Average gap score	2.565

After analysis the overall gap score of Private Bank is less than Government Bank hence customer satisfaction level in Private Bank is greater than Government Bank.

V. GRAPHICAL REPRESENTATION
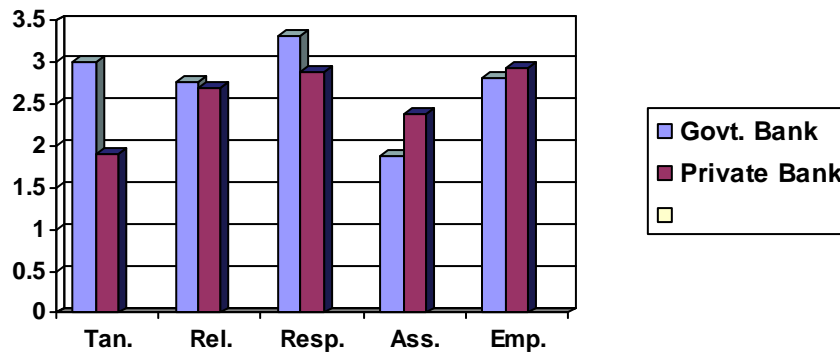
After analysis of graphical representation it is clear that the services like physical facilities, modern looking equipment, information about bank plan etc. in Private Bank are better than Government bank. The services like behavior of employee, knowledge to answer customers' questions, safe transactions etc. in Government Bank are better than Private Bank.

VI. CONCLUSION

The average gap score of Government Bank and Private Bank are 2.762 and 2.565. As the gap score is less the customer satisfaction level is more. The customer satisfaction level in Private Bank is more than Government Bank. The Assurance services in Government Bank are better as compare to Private Bank. The Reliabilities services in Government Bank and Private Bank are same. Responsiveness services include willingness to help the customer, provide prompt service to customers etc. In order to improve the service quality it is necessary to contact employee regularly, provide adequate training, knowledge of the latest technology. The

organization should judge how employee of knowing how customers perceive the service quality and being able to measure service quality can benefit industry professionals in quantitative and qualitative ways.

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