

IMPACT OF SERVICE QUALITY ON CUSTOMER SATISFACTION: A STUDY ON SERVQUAL MODEL IN SELECTED PRIVATE SECTOR BANKS OF RAIPUR DIVISION IN CHHATTISGARH

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Abstract

This study investigates the impact of service quality on customer satisfaction in the context of private sector banks operating within the Raipur Division of Chhattisgarh. The research employs a mixed-method approach, incorporating both quantitative and qualitative methodologies to gather data. The study aims to assess customers' perceptions of service quality across various dimensions such as Tangibility, Reliability, Responsiveness, Assurance and Empathy, as outlined in the SERVQUAL model. The findings of this research are expected to contribute to the understanding of how service quality dimensions impact customer satisfaction in the banking sector, particularly within the context of Raipur Division in Chhattisgarh. The implications of the study may inform bank management strategies to enhance service quality and ultimately improve overall customer satisfaction, thereby fostering loyalty and competitive advantage in the market.

Key Words- Tangibility, Reliability, Responsiveness, Assurance, Empathy, SERVQUAL.

1. Introduction

In today's highly competitive banking industry, providing excellent services has become crucial for financial institutions to succeed, especially as customer demands keep changing. Ensuring high service quality is now closely linked with making customers happy, as banks aim to meet and surpass the various needs and desires of their customers. In this scenario, the Raipur Division in Chhattisgarh represents a smaller version of the larger banking sector, highlighting the important relationship between service quality and customer satisfaction in private banks.

The SERVQUAL model, a widely recognized framework developed by Parasuraman, Berry, and Zeithaml¹ in 1988, suggested a comprehensive lens through which to analyze the dimensions of service quality and their impact on customer satisfaction. This model delineates five key dimensions: reliability, responsiveness, assurance, empathy, and tangibility, each representing distinct facets of the service delivery process.

This research aims to investigate the complex connection between service quality and customer satisfaction in specific private banks operating in the Raipur Division of Chhattisgarh. Using the SERVQUAL model as a basis, the study seeks to evaluate how customers view service quality across different aspects and determine how these perceptions affect their overall satisfaction.

By thoroughly analyzing the various aspects of service quality and their influence on customer satisfaction, this research aims to offer valuable perspectives on the efficiency of service provision in private banks operating in the Raipur Division. Additionally, by combining quantitative and qualitative research methods, the study seeks to provide a comprehensive understanding of the factors that influence service quality and customer satisfaction within this particular banking environment.

2. Review of Literature

According to Gronroos² (1984), Consumers assess service quality by comparing their expected standards with the service they actually receive through an evaluation process.

Additionally, Buttle³ (1996) suggested that the SERVQUAL tool has been extensively used in various cultures and countries, such as the USA, UK, China, Hong Kong, Greece, and others. Over the past few decades, the SERVQUAL scale has gained significant recognition and praise within the service quality literature among academics, researchers, and industry experts.

Satisfaction was measured by using 9 items adapted from Walfried⁴ et al., (2000). To conduct a preliminary study, a convenient method was used to gather responses from 30 participants. A structured survey was given to 260 randomly selected bank customers. Quantitative methods such as factor analysis and multiple regression analysis were used for analysis. The findings suggested that enhancing service quality factors could significantly impact customer satisfaction. Gudep and Elango⁵ (2006) looked into how satisfied customers were with the services provided by public, private, and foreign banks in India. They checked different aspects of customer service quality like convenient working hours, web-based services, error-free extra services, and how well complaints were handled. The authors used some statistical methods to figure out important factors and see if there were big differences in service quality among the three types of banks. They found that both types of banks were giving better service. This was especially important for public sector commercial banks in India, showing how they provide service to customers

“Saravanan⁶ et al. (2007), figured out what's most important for good service in private banks in Tripura, India. They used a method called the SERVQUAL model and gave surveys to 120 customers from selected banks. They looked at the answers using different methods. Their study showed that customers in Tripura weren't happy with how reliable and responsive the service was in private banks.

In (2007), Koushiki⁷ conducted a study to understand how service quality impacts customers' decisions to use services in the Indian Banking Sector. The research emphasized that reliability was the most significant factor affecting service quality, with employee behavior, tangible elements, and convenience following closely.

Albarq⁸ (2013) has performed study to understand the relationship between service quality, customer satisfaction, and customer loyalty using the SERVQUAL model. A group of 422 customers from five banks in Riyadh answered a set of structured questions. The results indicated that improving service quality could boost customer loyalty. It was suggested that bank managers concentrate on improving customer satisfaction with service quality to enhance customer loyalty.

In 2014, Deepika Arora and Vijit Chaturvedi⁹ looked at how happy customers were with public and private banks. They asked 400 people who had accounts in banks like HDFC, PNB, SBI, and Axis bank. They used some statistical tools to study the data. They found that public banks had the biggest difference in service quality compared to private banks in all areas.

Azzam's¹⁰ (2015) study titled "The Impact of Service Quality Dimensions on Customer Satisfaction: A Field Study of Arab Bank in Irbid City, Jordan" demonstrated that service quality is the most effective way to evaluate service quality in the banking sector, particularly at the Arab Bank. Therefore, they advised that professionals in the banking industry should use these dimensions as a foundation for evaluating, reinforcing, and improving service quality in banks.

3. Research Methodology

3.1 Objectives of the Study:

1) To determine the impact of Service Quality on Customer Satisfaction of Selected Private Banks of Raipur Division in Chhattisgarh.

3.1.1 Sub Objectives:

- 1) To determine the impact of Tangibility on Customer Satisfaction of Selected Private Banks;
- 2) To determine the impact of Reliability on Customer Satisfaction of Selected Private Banks;
- 3) To determine the impact of Responsiveness on Customer Satisfaction of Selected Private Banks;
- 4) To determine the impact of Assurance on Customer Satisfaction of Selected Private Banks;
- 5) To determine the impact of Empathy on Customer Satisfaction of Selected Private Banks.

3.2 Population of the Study:

For this study, the Population is finite and customers from all the selected Private Sector Banks of Raipur Division in Chhattisgarh form the Population.

3.3 Sample Size:

The Sample Size for the study is 200. Respondents were from a balanced mix of various demographic factors (age, gender, Income, Education and designation).

3.4 Research Hypothesis:

H_α: There is no significant impact of Service Quality on Customer Satisfaction.

H_β: There is a significant impact of Service Quality on Customer Satisfaction.

3.4.1 Sub Hypothesis:

H_{α1}: There is no significant impact of Tangibility on Customer Satisfaction.

H_{β1}: There is a significant impact of Tangibility on Customer Satisfaction.

H_{α2}: There is no significant impact of Reliability on Customer Satisfaction.

- $H_{\beta 2}$: There is a significant impact of Reliability on Customer Satisfaction.
 H_{a3} : There is no significant impact of Responsiveness on Customer Satisfaction.
 $H_{\beta 3}$: There is a significant impact of Responsiveness on Customer Satisfaction.
 H_{a4} : There is no significant impact of Assurance on Customer Satisfaction.
 $H_{\beta 4}$: There is a significant impact of Assurance on Customer Satisfaction.
 H_{a5} : There is no significant impact of Empathy on Customer Satisfaction.
 $H_{\beta 5}$: There is a significant impact of Empathy on Customer Satisfaction.

4. Result Analysis

Table 4.1 Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.574 ^a	.329	.312		.39165

a. Predictors: (Constant), Empathy, Reliability, Tangibility, Assurance, Responsiveness

Interpretation-

In table 4.1 the R value indicates the strength and direction of the linear relationship between the dependent variable and the independent variable(s). Here the value of R is 0.574. The R Square value suggests that approximately 32.9% of the variance in the dependent variable is accounted for by the independent variables.

Table 4.2 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.623	5	2.925	19.067	.000 ^b
	Residual	29.757	194	.153		
	Total	44.380	199			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Empathy, Reliability, Tangibility, Assurance, Responsiveness

Interpretation-

Table 4.2 reveals that Service Quality has significant impact on Customer Satisfaction as the p value (significant value) is 0.000 which is less than 0.05 significance level. Therefore, research hypothesis H_{β} is accepted.

Table 4.3 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.934	.267		7.245	.000
1 Tangibility	.038	.040	.059	.953	.342
Reliability	.069	.034	.129	2.050	.042
Responsiveness	.106	.048	.154	2.188	.030
Assurance	.063	.037	.105	1.692	.092
Empathy	.300	.058	.366	5.142	.000

a. Dependent Variable: Customer Satisfaction

Interpretation-

In table 4.3 the p value (significant value) for Tangibility is 0.342 which is more than 0.05 significance level. Therefore, research hypothesis H_{a1} is accepted. The p value (significant value) for Reliability is 0.042 which is less than 0.05 significance level. Therefore, research hypothesis $H_{\beta2}$ is accepted. The p value (significant value) for Responsiveness is 0.030 which is less than 0.05 significance level. Therefore, research hypothesis $H_{\beta3}$ is accepted. The p value (significant value) for Assurance is 0.092 which is more than 0.05 significance level. Therefore, research hypothesis H_{a4} is accepted. The p value (significant value) for Empathy is 0.000 which is less than 0.05 significance level. Therefore, research hypothesis $H_{\beta5}$ is accepted.

5. Findings

As physical facilities and appearance are important but from the study it is clear that tangibility does not have significant impact on Customer Satisfaction. Customers place a high emphasis on the reliability of banking services, with promptness in transaction processing and accuracy being key determinants of satisfaction. Study suggested that reliability has significant impact on Customer Satisfaction. Banks that demonstrate responsiveness to customer needs and queries tend to garner higher satisfaction levels among clientele from the study it is suggested that responsiveness has significant impact on Customer Satisfaction. It is also suggested by the study that assurance is not having significant impact on Customer Satisfaction. Banks that exhibit empathy towards customer needs and preferences are more likely to foster strong relationships and loyalty as from the study evidence shows that empathy having significant impact on Customer Satisfaction

6. Conclusion

This research highlights the important link between service quality and customer satisfaction in the selected private sector bank of Raipur Division in Chhattisgarh. Through the application of the SERVQUAL model, we have uncovered valuable insights into the dimensions of service quality that most profoundly impact customer Satisfaction. Our findings underscore the critical

importance of Tangibility, Reliability, Responsiveness, Assurance and Empathy in shaping customer satisfaction levels within selected private sector banks.

The findings of this study hold great importance for selected private sector banks of Raipur Division. By focusing on the aspects outlined in the SERVQUAL model, banks can improve customer experiences, build stronger relationships, and sustain their competitive position in the market. By investing in employee training, technological advancements, and customer-focused policies, banks can ensure the delivery of top-notch services that meet or surpass customer expectations. Overall, this research adds to the expanding pool of information regarding service quality and customer satisfaction within the banking industry, with a specific focus on the Raipur Division in Chhattisgarh.

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