Strategic Green Service Quality Assessment of Commercial Banks Using Rater Model

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Abstract

Banking plays vital role in the economic structure of any country. The banking system across the globe has undergone a radical change in the last 20 years, due to the advancement in science and technology and changes in the governing laws and regulations. Service quality is the key element which leads to the creation of new customers, maintenance and retention of existing customers. Bank is a customer oriented service industry. Customer services helps to differentiate banks from one another; customers prefer banks with high service quality. Service quality is crucial for the success and survival of service industries, especially banking and Insurance firms. The profitability of such industries heavily depends upon how effectively the service firms can delight the customers, by providing services of higher standards. This study aims to measure the impact of the quality of banking services, using dimensions of RATER model. This paper tries to examine whether there exist any disparity in terms of service quality across public sector, private sector and new generation banks, using RATER Model. But this study concludes with the remark that there exist no significant disparity between the service quality aspects of public sector banks, private sector banks and new generation banks.

Keywords: Customer delight, Customer expectation, GAP Analysis, RATER Model Service Quality

1. Introduction

Service quality is playing an increasingly important role in the present environment. Delivering superior service quality than the competitors is the key for the success of a bank. Service organisation in India is facing severe competition in the global market because of liberalisation and globalisation of the Indian economy. The service organisation should know the customer service quality perceptions in order to overcome the competitors and to attract and to retain the customer. Supremacy over service quality will enable a firm to differentiate themselves from their pear competitors. On the other hand it also helps them to enhance their sustainable competitive edge and overall efficiency. This study aims to measure the impact of the quality of banking services, using dimensions of RATER model.

R = reliability

A = assurance

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T = tangibles

E = empathy

R = responsiveness

This research paper analyses the "Strategic Green Services Quality Assessment of Commercial Banks using RATER MODEL".

1.2 Significance of the Study

Cut through competition among the bankers in India had paved the way towards quality consciousness among bankers and customers. In order to outperform others, bankers need to sharpen all their service quality and Green tools. Today customers are the Kings and they are highly quality conscious too. The conscious customers will always compare the cost-benefit analysis of all the companies and will opt for those companies which give high quality services In order to create a clean Environmental Consciousness image private sector banks are more actively participating in rendering Green banking facilities. In such a situation a study about the preference and attitudes of customer towards different Banks in different sectors is essential. This study is intended to analyses the level of satisfaction of customers of, public sector, private sector and new generation banks.

1.3 Statement of the Problem

In this competitive environment, there are so many foreign banks coming to the market. Various policies are adopted by banks to create an atmosphere of effective customer relationship management. The focus on various groups of customers is not an easy task since their level of satisfaction on various qualities of banking is different. To survive the competitive environment is that banks can deliver the right service at the right time. The customers have different mind-set towards public, private and new generation banks about service quality. This study is an attempt to analyse the service quality of "SBI", Federal Bank, ICICI Bank. So the study entitles out "An assessment on service quality among public sector banks, private sector banks and new generation bank with special reference to Kerala state"

1.4 Objectives

The study is conducted with the following objectives:

1. To compare the service quality dimensions of SBI, Federal Bank and ICICI Bank.

2 To analyse whether there is a difference in service quality of public sector banks private sector banks and new generation bank.

3. To suggest measures to improve service quality.

1.5 Hypotheses

H_0: There is no significant difference between the performance of SBI, Federal Bank and ICICI Bank according to RATER Model.

H_1: There is significant difference between the performance of SBI, Federal Bank and ICICI Bank according to RATER Model.

1.6 Methodology and Data Analysis

RATER model is used to evaluate the service quality of banks with the help of different criteria, viz. Reliability, Assurance, Tangibles, Empathy and Responsiveness. The study is analytical in nature. Both the primary and secondary data has been used for the study. The population of the study includes all the customers of the selected banks namely, SBI, Federal Bank and ICICI

Bank in the state of Kerala. A sample size of 150 customers were identified for the collection of data using stratified random sampling by dividing the state into 3 Zones .i.e. Southern , Central and Northern Kerala. From these three Zone 1 District each has been selected for the study .The districts selected are Trivandrum from Southern Kerala, Kottayam from Central and Calicut from Northern Kerala. From this data was collected from 50 respondents from each district. Data was analysed with help of SPSS. The statistical test one way ANOVA (analysis of variance) has been applied to the data to test the hypotheses. Kolmogrov Smirnov test has been used for testing the normality of data.

2. Literature Review

Several studies on service quality aspects of commercial banks had showed that public sector banks were failed to satisfy the expectation of costumers on different service quality aspects when compared it with that of private sector banks. On the contradictory to this there are many other studies proved that the service quality aspects of public sector banks is better than that of private sector banks. Following are the other major studies in the area of service quality aspects of commercial banks;

Joseph M. et.al (1999) - Joseph had conducted a detailed study on the role of technology related service quality aspects of Australian banks. He collected data from 300 customers. The study prevailed that banks were able to meet the expectation criteria's of customers only in case of accuracy and efficiency parameters.

Bahia,K and J Nantel (2000) - The Author developed a scale called Banking Service Quality Scale, that caters factors like price, tangibles, assurance, access, service portfolio, effectiveness and reliability.

Sureshchandar *et al* (2002) -This study explored the relationship between service quality and customer satisfaction in the Indian banking contest. The result revealed that they are independent but on the same time they are closely related too. The constructs under study vary significantly on core variables like service delivery, human element, tangibles and social responsibility.

Navdeep Aggarwal and Mohit Gupta (2003) - This study focused on the dimensions of primary as well as sub dimensions of service quality. The authors had carried out an informal structured interview with the academicians and branch managers to devise a banking service quality model. The study finally revealed that personnel interactions and service time are the most important aspect along with ambience for service quality.

Gani A and Mushtaq Bhatt (2003) The Authors had taken SERVQUAL model with 800 as a sample size. The authors found that CITI Bank and Standard Chartered Bank are performing well in tangibility and reliability aspects. The study also pinpointed that in factors like responsiveness, service quality and in personal interactions, Indian banks are inferior to Foreign Banks.

Zhou, L (2004) - The study explore the impact of service quality aspects in Chinese banks towards customer satisfaction. From the study it has been evident that reliability and assurance were the primary drivers of customer satisfaction. The study also explored that there exist a significant variation in perception and expectation of customers.

Rod *et al* (2009) - The study explored the relationship between service quality and customer satisfaction of New Zeland Banks. The study establishes that online information systems and online customer service quality are significant and also exhibits a positive relationship towards overall customer internet banking service quality.

Kailash M (2012) – This paper compares the service quality aspects of public and private sector banks in Vijayawada, Andra pardesh with the help of SERVQUAL model. The findings exposed that private sector banks were masters in delivering better services to their customers than that of their counterpart's i.e. public sector banks and they were able to maintain their customers by providing better facilities. This study pin points the importance of introducing new products which helps the bankers to retain their existing customers.

The aforesaid studies bring out the need to explore the variations in variables of service quality across the commercial banks.

3. Service Quality

Service quality is a comparison of expectation with performance. Customer's expectation serves as a foundation for evaluating Service quality because quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation. The term service quality possesses a high degree of positive correlation towards customer loyalty Environmental performance, customer retention, marketing strategy and financial performance. A service becomes a qualitative and a meaningful one only when they render an excellent or superior service over and above the expectations of customers.

Service quality has been defined by Robinson (1999) as "an attitude or global judgment about the superiority of a service. Nowadays, with the increased competition service quality has become a popular area of academic investigation and has been recognized as a key factor in keeping competitive advantage and sustaining satisfying relationships with customers (Zeithmal *et al*. 2000). In the words of Parasuraman, Berry Zeithaml & the service quality is defined as:

Service Quality = Perception – Expectation

Service quality is nothing but the difference between the service expectation & service actually received by the customer. Customer has certain expectation about the service. If the perception and the expectation of the customer was exactly the same, then the difference will be zero and we can say that the service quality is quite good. As and when the difference in the above said equation rises, and then the service quality will be lower.

4. Analysis of Data

Test of Normality

For testing normality of data we proposed the hypothesis that the population distribution is normal.

H_0: The distribution is normal

H_1: The distribution is not normal.

For this Kolmogorov-Smirnov and Shapiro-Wilk tests were applied and results are shown below

Tests of Normality		Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Bank	**Statistic**	**Df**	**Sig.**	**Statistic**	**Df**	**Sig.**
Rater	SBT	.184	5	.200[*]	.984	5	.957
	Federal Bank	.314	5	.119	.811	5	.100
	ICICI Bank	.190	5	.200[*]	.958	5	.795

*.This is a lower bound of the true significance.
   a. Lilliefors Significance Correction

The results highlighted that calculated p values are greater than the chosen alpha level of 0.05 for all bank, thus we fail to reject the null hypothesis. The distribution is normally distributed. This means that data are normally distributed.

Since we have two or more samples for testing the hypothesis parametric techniques are used i.e. one way ANOVA.

One Way ANOVA

The hypothesis of the test is;

H_0: There is no significant difference between the performance of SBI, Federal Bank and ICICI Bank according to RATER Model.

H_1: There is significant difference between the performance of SBI, Federal Bank and ICICI Bank according to RATER Model.

ANOVA					
RATER					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.262	2	.131	3.788	.053
Within Groups	.415	12	.035		
Total	.676	14			

The table value of F at 5% level of significance for (2, 12) degree of freedom is 3.88. The calculated value of f is 3.788.

a). Table value method

The calculated value is 3.788 and table value of f at 5% level of significance for (2, 12) degree of freedom is 3.88

If the calculated value of f is less than the table value of f, we fail to reject the null hypothesis.

The calculated value of f is more than the table value of f, we reject the null hypothesis or

b). P value method

If p value more than .05 we fail to reject null hypothesis

Since the p value less than .05, we reject null hypothesis

The calculated value is 3.788 and   p value is .053

Since p value .053 > .05, we fail to reject null hypothesis.

It means there is no significance difference between the mean values of RATER Model

There is no significant difference between the performance of SBI, Federal Bank and ICICI Bank according to RATER Model.

5. Results and Discussions

Findings of Objective One

The prime objective of the study is to know which service quality dimensions of the banks are performing well. The major findings of the objectives are;

In reliability dimension the highest mean is providing bill for transaction (4.367) is well performing and lowest mean is time taken by the bank for providing services (3.853). In assurance dimension the highest mean in the criterion is safety of transaction with bank is well performing and lowest mean is reputation of bank chosen to the customers. The composite mean of the tangibles dimension is 4.060.In empathy dimension. The highest mean value in the variable is behaviour of employees at work place. In responsiveness dimension settlement dimension has the highest mean value. In RATER Model the assurance dimension of service quality of bank is well performing.

Finding of Objective Two

The second objective is to analyse whether there is a difference in service quality of public sector banks private sector banks and new generation bank. The major findings of the objectives are;

* There is no significant difference between the performance of SBI, Federal Bank and ICICI Bank according to RATER Model

Finding of Objective Three

The third objective of the study is" to suggest the measures to needs improvement of service quality". The major findings of the objectives three is explained in suggestion section.

6. Suggestions

* In reliability dimension of service quality, the bank should adopt appropriate policies i.e. open more counter for settlement of transactions to minimize the waiting time for services.
* In tangibles dimension of service quality, the bank adopts new strategies for improvement to modern banking facilities.
* The given instructions easy to understandable for different class of customers.
* In empathy dimension of service quality, the employees should give individual attention to the specific needs of the customers.
* The bank should identify the needs of different classes of customers and provide right service at the right time.
* In responsiveness dimension of service quality, the banks should take necessary steps towards fast settlement of complaints.

7. Conclusion

The present study was conducted with a purpose of an assessment on strategic green service quality Assessment of commercial banks using RATER MODEL. The result of the study discloses that most of the respondents have same opinion with dimension of service quality. The study conducted it can be concluded that reliability, assurance and tangibles are the critical dimensions of service quality of banks. Present scenario calls for the need of implementing Green Tangibles in their business premises. The result of the study is that there is no difference in performance of SBI, Federal Bank and ICICI Bank assessing in RATER Model.

In this highly competitive banking scenario, superior service is the only differentiating factor to attract and retain the customers to the bank. Superior service quality will enable a firm to differentiate itself from its rivalry, gain a sustainable cut-throat advantage, and enhance competence. Thus improvement in rendering strategic green service quality aspects will help the bankers to create a positive impact and customer satisfaction among the customers and ultimately it lead towards customer loyalty.

Limitation of the Study

The study pertains to the state of Kerala only; the general Opinion of people of other places may be different. The limited sample size is also acting as a limiting factor. The validity of the work depends upon the reliability of the data that has received, the researcher had tried his maximum consciousness while collecting the data, even though if the responded had wilfully hide or had give a false response this it may affect the final research output.

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