

Impact of Service Quality on Customer Satisfaction at AXIS Bank

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ABSTRACT

Service Quality, a measure of the overall value of a service, is a key concept in service marketing. Service Quality has been significant impact on customer loyalty. They can lead to customer satisfaction and customer loyalty. The aim of this study is to find customer perceptions on service quality dimensions among consumers of bank services. The results show service quality is an important element to create customer loyalty that will lead to customer satisfaction and loyalty. Therefore, in trying to develop strong service quality, bankers should be interested in assessing the degree of customer service dependence. The banks service quality depends on the perceptions of their service customers. Satisfied and loyal customers indicate positive perceptions of the banking services.

Keywords

Services, Axis Bank, Service Quality, Customer Satisfaction, Customer Loyalty.

INTRODUCTION

In the last two decades, regulatory, structural and technological factors have significantly changed the banking environment throughout the world (Angur, 1999). In a milieu which becomes increasingly competitive, service quality as a critical measure of organizational performance continues to compel the attention of banking institutions and remains at the forefront of services marketing literature and practice (Lasser, 2000; Yavas and Yasin, 2001). The interest is largely driven by the realization that higher service quality results in customer satisfaction and loyalty, greater willingness to recommend to someone else, reduction in complaints and improved customer retention rates (Danaher, 1997; Magi and Julander, 1996; Levesque and McDongall, 1996). No doubt, the belief that delivery of higher service quality is a must for attaining customers satisfaction and a number of other desirable behavioural outcomes, recent years have witnessed a flurry of research exploring inter relationship between service quality and, satisfaction and behavioural outcomes.

LITERATURE REVIEW

Service quality is considered a multi-attribute put up-the product of the comparison between the customers expectations and their perceptions of the company's actions. Perceived service quality has been defined as the consumer's universal attitude or judgment of the overall superiority of the service. Perceived service quality results from comparisons by consumers of expectations with their perceptions of service delivered by suppliers. Customers expectation are idea about a service that serve as values against which service performance is judged (Zeithaml, 1993); what customers think a service provider should offer rather than what strength be on offer (Parasuraman, 1988). Prospect are formed from a variety of sources such as the customers personal needs and wishes.

Measurement of Service Quality.

The SERVQUAL instrument proposed by Parasuraman, (1988) posits the computed disconfirmation move toward whereby the difference between a customer's expectation and the definite performance is calculated. This loom has been criticize by several authors for a number of weaknesses. The substitute approach namely SERVPERF, is that measurement of the customers perception of the performance of a service which provides adequate assessment for service quality. The increasing support on the measurement of service quality by performance-only measurement (SERVPERF) is witnessed (Andaleeb, and Basu, 1994; Zeithaml, 1996 and Cronin, 2000). Since the weight of evidence in the literature supports the use of International Journal of Management & Strategy July-Dec.2010 Vol.1, No.1 4. Service Quality Dimension in Banks.

Several researchers have suggested that the search for universal conceptualization of the service quality construct may be futile (Levist, 1981; Lovetock, 1983). The service quality construct is either industry or context specific (Babakus and Boller, 1992). The measurement of the service quality construct is multidimensional. In its original structure, service quality consists of five dimensions (Parasuraman, 1988; Carman, 1990; Rust and Oliver, 1994). These are:

1. The tangibility aspects of the service
2. The reliability of the service provider
3. The assurance provided by the service provider
4. The responsiveness of the service provider; and
5. The service providers' empathy with customers

The included variables to measure the service quality of commercial banks were ranging from seventeen to fifty seven variables. According to a model presented by Zeithaml et al., (1996), behavioural intention can be captured by such measures as repurchase intentions, words of mouth, loyalty, complaining behaviour, and price sensitivity. High service quality often leads to favourable behavioural intention (Burton et al., 2003). Loyal customers are important, because they contribute to the bank's profitability by passing positive words of mouth and also retain their customership.. Loyalty is predominantly satisfaction driven (Rust et al., 1995) and therefore customers satisfaction measurements are believed to give a better indication of future performance of service firms than, for instance financial and accounting based measures. Customer loyalty is a feeling of commitment on the part of the consumer to a product, brand, marketer, or services above and beyond that for the competitors in the market place, which results in repeat purchase (Szymigin and Carrigan, 2001). A loyal customer to a bank is thus, one who will stay with the same service provider, is likely to take out new products from the bank.

OBJECTIVE OF THE STUDY

The objective of the study is to determine the impact of service quality on customer satisfaction.

HYPOTHESIS

H_0 – There is no significant relationship between reliability and customer satisfaction.

H_0 – There is no positive relationship between responsiveness and customer satisfaction.

H_0 – There is no positive relationship between tangible and customer satisfaction.

H_0 – There is no significant relationship between recovery and customer satisfaction.

H_0 – There is no positive relationship between perceived value and customer satisfaction

RESEARCH METHODOLOGY

The data for the research has been collected through structured questionnaire from the customers of AXIS bank, Mysore. The sample size of 140 respondents was selected for the study. The data has been analyzed by using one sample t test and anova analysis.

DATA ANALYSIS AND INTERPRETATION

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Reliability				
Error-free records	140	1.6143	.63001	.05325
Timely Passion of service	140	1.7357	.68500	.05789
Right at first time itself	140	1.6357	.72182	.06100
Providing service at promised time	140	1.7143	.69205	.05849

One-Sample Test

Reliability	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Error-free records	-26.025	139	.000	-1.38571	-1.4910	-1.2804
Timely Passion of service	-21.838	139	.000	-1.26429	-1.3787	-1.1498
Right at first time itself	-22.364	139	.000	-1.36429	-1.4849	-1.2437
Providing service at promised time	-21.982	139	.000	-1.28571	-1.4014	-1.1701

Based on the results of the One sample t-test analysis at 95% confidence level, Mean values fall in positive side of rating (less than 3), t_{cal} value $> t_{tab}$ value and p -value $< \alpha = 0.05$ for all the select reliability factors under study. Hence Hypothesis H_0 - There are no significant effects of reliability and customer satisfaction is rejected, and H_a – There is a significant effects of reliability on customer satisfactions is not rejected since one sample t-test successfully revealed a statistically significant values for reliability factors.

One-Sample Statistics

RESPONSIVENESS	N	Mean	Std. Deviation	Std. Error Mean
Employees adopt service to the customer needs	140	1.6857	.73048	.06174
Well handling of peak hours	140	1.6571	.65450	.05532
Customers informed about service performance	140	1.6357	.65931	.05572
Courteous among employees	140	1.5643	.55244	.04669

One-Sample Test

RESPONSIVENESS	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Employees adopt service to the customer needs	-21.288	139	.000	-1.31429	-1.4364	-1.1922
Well handling of peak hours	-24.277	139	.000	-1.34286	-1.4522	-1.2335
Customers informed about service performance	-24.484	139	.000	-1.36429	-1.4745	-1.2541
Courteous among employees	-30.750	139	.000	-1.43571	-1.5280	-1.3434

Based on the results of the One sample t-test analysis at 95% confidence level, Mean values fall in positive side of rating (less than 3), t_{cal} value $> t_{tab}$ value and $p\text{-value} < \alpha = 0.05$ for all the select responsiveness factors under study. Therefore Hypothesis H_0 - There are no significant effects of responsiveness and customer satisfaction is rejected, and H_a - There are significant effects of responsiveness on and customer satisfaction is not rejected since one sample t-test successfully revealed a statistically significant values for responsiveness factors.

One-Sample Statistics

TANGIBLE	N	Mean	Std. Deviation	Std. Error Mean
Attractive interior design	140	1.6714	.67262	.05685
Neat and professional appearance of employees	140	1.6643	.70569	.05964
Visually appealing facilities	140	1.6929	.70860	.05989

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Attractive interior design	-23.371	139	.000	-1.32857	-1.4410	-1.2162
Neat and professional appearance of employees	-22.396	139	.000	-1.33571	-1.4536	-1.2178
Visually appealing facilities	-21.827	139	.000	-1.30714	-1.4256	-1.1887

The results of the One sample t-test analysis at 95% confidence level, the Hypothesis H_0 - There is no significant influence of tangibles on customer satisfaction is rejected, and H_a - There is a significant influence of tangibles on and customer satisfaction not rejected since one sample t-test successfully revealed a statistically significant values for tangibles. Mean Based values fall in positive side of rating (less than 3), t_{cal} value $> t_{tab}$ value and $p\text{-value} < \alpha = 0.05$ for all the select tangibles under study

One-Sample Statistics

RECOVERY	N	Mean	Std. Deviation	Std. Error Mean
Employees empowered for correction	140	1.7643	.71581	.06050
Quick Correction on mistakes made	140	1.6786	.62637	.05294
Convenient operating hours	140	1.6643	.61878	.05230

One-Sample Test

RECOVERY	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Employees empowered for correction	-20.426	139	.000	-1.23571	-1.3553	-1.1161
Quick Correction on mistakes made	-24.962	139	.000	-1.32143	-1.4261	-1.2168
Convenient operating hours	-25.541	139	.000	-1.33571	-1.4391	-1.2323

The results of the One sample t-test analysis at 95% confidence level, the Hypothesis H_0 - There is no significant influence of tangibles on customer satisfaction is rejected, and H_a - There is a significant influence of recovery on and customer satisfaction not rejected since one sample t-test successfully revealed a statistically significant values for recovery. Mean Based values fall in positive side of rating (less than 3), t_{cal} value > t_{tab} value and $p\text{-value} < \alpha = 0.05$ for all the select tangibles under study

One-Sample Statistics

PERCEIVED VALUE	N	Mean	Std. Deviation	Std. Error Mean
Navigation Easy	140	1.6286	.64977	.05492
Confidence on Bank	140	1.7429	.67185	.05678
Safety	140	1.6071	.69631	.05885

One-Sample Test

PERCEIVED VALUE	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Navigation Easy	-24.973	139	.000	-1.37143	-1.4800	-1.2629
Confidence on Bank	-22.140	139	.000	-1.25714	-1.3694	-1.1449
Safety	-23.669	139	.000	-1.39286	-1.5092	-1.2765

Based on the results of the One sample t-test analysis at 95% confidence level, Mean values fall in positive side of rating (less than 3), t_{cal} value > t_{tab} value and $p\text{-value} < \alpha = 0.05$ for all the select reliability factors under study. Hence Hypothesis H_0 - There are no significant effects of perceived value and customer satisfaction is rejected, and H_a – There is a significant effects of perceived value on customer satisfactions is not rejected since one sample t-test successfully revealed a statistically significant values for reliability factors.

LIMITATION AND SCOPE FOR FURTHER STUDY

The area of study is limited to Mysore city. In this study, Due to time and cost constraints, the data for this study will be collected from single axis bank. Furthermore, the

bank choice decisions of the customers may differ from other customers in the city.

Furthermore, the bank choice decisions of the customers in Mysore different across the city.

In addition, some of the respondents may not be honest and sincere in answering the questionnaire. The results of this study should also be interpreted with care. The development of a process measure for referent influence would add to the strength of the findings and is a limitation of this study.

Despite these limitations, the study makes some contribution by providing important information regarding factors that affect service quality in Mysore.

CONCLUSION

This study basically indented to find out the factors that affect service. It also gives an insight of customer loyalty and customer satisfaction affects on service quality in general.

In terms of customer loyalty, it is found that customer loyalty does have a relationship with service quality and it did affect consumer satisfaction in services. The more involvement of services is important for service quality.

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