

Gap Analysis in Service Quality through SERVQUAL Model: A Study in Private Bank, Pune City

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Abstract: Service is an activity that creates value and provides benefits for customers at specific time. Service quality seems to be a moral string for every organization. In today's competitive scenario, service quality, customer satisfaction and loyalty are becoming principal challenges for every organization and they are in a position to create and monitor new touch-points for their best performance in order to manage customer are always probing for high quality services in every interaction with the organization, gaining knowledge of novel skills, advancement of efficiency, learning to compete for each sector and deprived service qualities practiced if any, by the organization can pave a way to competitive disadvantages.

It is seen from the sequence of earlier research work in fiscal service organization that the relationship between Service Quality, Customer Satisfaction and Loyalty has been studied only in commercial banks encompassing public sector, private sector banks and foreign banks with several of service quality and its impact on satisfaction and loyalty in the banking sector. This is the major gap actually identified and this study put forth an attempt in evaluating the service quality and its impact on customer satisfaction and loyalty in the above sector through SERVQUAL model.

Keywords: Service Quality, SERVQUAL Model, Private Bank

Introduction

The SERVQUAL service quality model was developed by a group of American authors, Parsu Parasuraman, Valarie Zeithaml and Len Berry, in 1988. It highlights the main components of high quality service. The SERVQUAL authors originally identified ten elements of service quality, but in later work, these were collapsed into five factors: reliability, assurance, tangibles, empathy and responsiveness, that create the acronym RATER.

Businesses using SERVQUAL to measure and manage service quality deploy a questionnaire that measures both the customer expectations of service quality in terms of these five dimensions, and their perceptions of the service they receive. When customer expectations are greater than their perceptions of received delivery, service quality is deemed low.

In addition to being a measurement model, SERVQUAL is also a management model. The SERVQUAL authors identified five Gaps that may cause customers to experience poor service quality.

Gap 1: Between Consumer Expectation and Management Perception

This gap arises when the management does not correctly perceive what the customers want. For instance, hospital administrators may think that patients want better food, but patients may be more concerned with the responsiveness of the nurse. Key factors leading to this gap are:

- Insufficient marketing research.
- Poorly interpreted information about the audience's expectations.
- Research not focussed on demand quality.
- Too many layers between the front line personnel and the top level management.

Gap 2: Between Management Perception and Service Quality Specification

Although the management might correctly perceive what the customer wants, they may not set an appropriate performance standard. An example would be when hospital administrators instruct nurses to respond to a request 'fast', but may not specify 'how fast'. Gap 2 may occur due to the following reasons:

- Insufficient planning procedures.
- Lack of management commitment.
- Unclear or ambiguous service design.
- Unsystematic new service development process.

Gap 3: Between Service Quality Specification and Service Delivery

This gap may arise through service personnel being poorly trained, incapable or unwilling to meet the set service standard. The possible major reasons for this gap are:

- Deficiencies in human resource policies such as ineffective recruitment, role ambiguity, role conflict, improper evaluation and compensation system.
- Ineffective internal marketing.
- Failure to match demand and supply.
- Lack of proper customer education and training.

Gap 4: Between Service Delivery and External Communication

Consumer expectations are highly influenced by the statements made by company representatives and advertisements. The gap arises when these assumed expectations are not fulfilled at the time of delivery of the service. For example, the hospital printed on the brochure may have clean and furnished rooms, but in reality it may be poorly maintained, in which case the patients' expectations are not met. The discrepancy between actual service and the promised one may occur due to the following reasons:

- Over-promising in external communication campaign.
- Failure to manage customer expectations.
- Failure to perform according to specifications.

Gap 5: Between Expected Service and Experienced Service

This gap arises when the consumer misinterprets the service quality. For example, a physician may keep visiting the patient to show and ensure care, but the patient may interpret this as an indication that something is really wrong.

Determinants

The ten determinants that may influence the appearance of a gap are:

1. Competence is the possession of the required skills and knowledge to perform the service. For example, there may be competence in the knowledge and skill of contact personnel, knowledge and skill of operational support personnel and research capabilities of the organization.
2. Courtesy is the consideration for the customer's property and a clean and neat appearance of contact personnel, manifesting as politeness, respect, and friendliness.
3. Credibility includes factors such as trustworthiness, belief and honesty. It involves having the customer's best interests at prime position. It may be influenced by company name, company reputation and the personal characteristics of the contact personnel.
4. Security enables the customer to feel free from danger, risk or doubt including physical safety, financial security and confidentiality.
5. Access is approachability and ease of contact for example, convenient office operation hours and locations.
6. Communication means both informing customers in a language they are able to understand and also listening to customers. A company may need to adjust its language for the varying needs of its customers. Information might include for example, explanation of the service and its cost, the relationship between services and costs and assurances as to the way any problems are effectively managed.
7. Knowing the customer means making an effort to understand the customer's individual needs, providing individualized attention, recognizing the customer when they arrive and so on. This in turn helps to delight the customers by rising above their expectations.
8. Tangibles are the physical evidence of the service, for instance, the appearance of the physical facilities, tools and equipment used to provide the service; the appearance of personnel and communication materials and the presence of other customers in the service facility.
9. Reliability is the ability to perform the promised service in a dependable and accurate manner. The service is performed correctly on the first occasion, the accounting is correct, records are up-to-date and schedules are kept.

10. Responsiveness is the readiness and willingness of employees to help customers by providing prompt timely services, for example, mailing a transaction slip immediately or setting up appointments quickly.

By the early 1990s, the authors had refined the model to five factors that enable the acronym RATER:

1. **Reliability**: The ability to perform the promised service dependably and accurately;
2. **Assurance**: The knowledge and courtesy of employees and their ability to convey trust and confidence;
3. **Tangibles**: The appearance of physical facilities, equipment, personnel and communication materials;
4. **Empathy**: The provision of caring, individualized attention to customers;
5. **Responsiveness**: The willingness to help customers and to provide prompt service.

The simplified RATER model allows customer service experiences to be explored and assessed quantitatively and has been used widely by service delivery organizations.

Nyeck, Morales, Ladhari and Pons (2002) stated the SERVQUAL measuring tool, 'appears to remain the most complete attempt to conceptualize and measure service quality' (p. 101). The SERVQUAL measuring tool has been used by several researchers to examine numerous.

OBJECTIVES OF THE STUDY

1. To evaluate the impact of service quality on customer satisfaction.
2. To analyze customers' expectations towards service quality of Private Bank.
3. To analyze customers' perception about service quality delivered by Private Bank.
4. To find the service gap between customers' expectations and perception of customer towards SERVQUAL.
5. To give suggestions for further improvement in service quality.

LIMITATIONS OF THE STUDY

1. Time period of the report was limited for two month only.
2. Some data are confidential due to which we cannot take actual figure to do proper research study.
3. The data analysis used simple graphical methods.

4. The sample of 150 respondents may constitute a limitation due to its smallest nature of sample.
5. Biased opinion of some of the respondents.

RESEARCH DESIGN

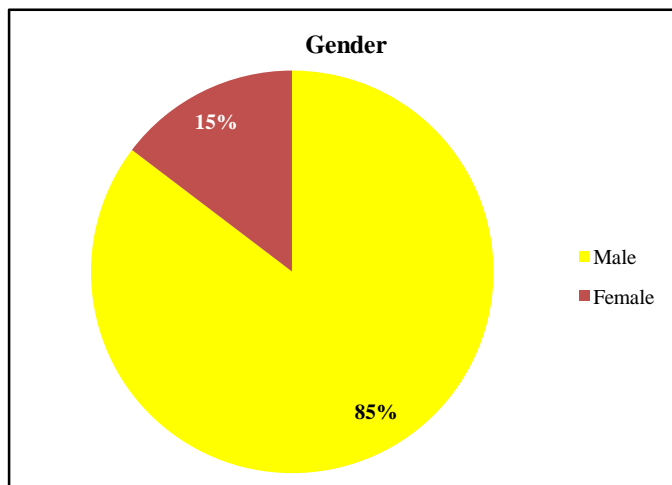
Table 1

Sl. No.	Parameter	Description
1	Type of research	Analytical Research
2	Nature of Research	Qualitative and Quantitative
3	Research Instrument	Structured Questionnaire
4	Survey period	15 May to 15 July 2016
5	Sample Size	150
6	Sampling Method	Non-Probability Convenience Sampling
7	Sources of data collection	Primary and Secondary sources
8	Primary sources	Structured questionnaire, observation, interview and field survey
9	Secondary sources	Book, Journal, Articles, Magazines

Data Analysis and Interpretation

Table 2

Gender	Male	Female
Responders	128	22
Percentage (%)	85	15



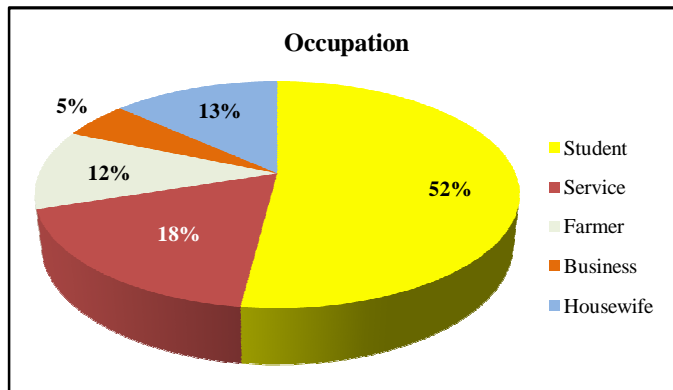
Graph A1

Interpretation

The total number of male account holders in Private Bank is much more than female account holders.

Table 3

Occupation	Respondents
Student	78
Service	27
Farmer	17
Business	8
Housewife	20
Total	150



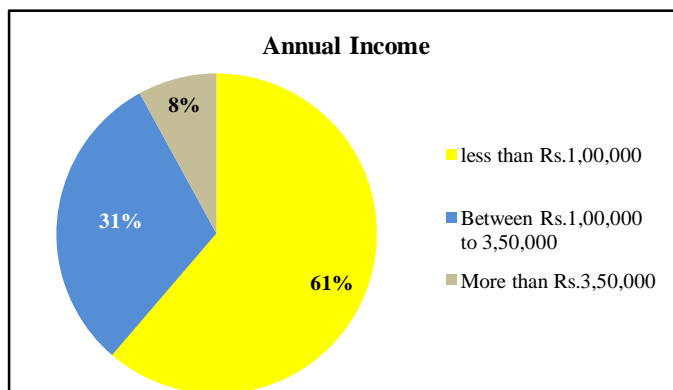
Graph A2

Interpretation

The number of students and service persons are more than others in the Private bank

Table 4

Annual Income	Respondents
Less than Rs.1,00,000	92
Between Rs.1,00,000 to 3,50,000	46
More than Rs.3,50,000	12
Total	150



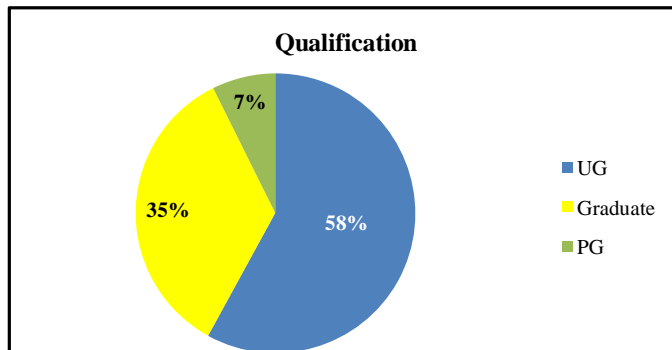
Graph A3

Interpretation

According to this survey, researcher found that the maximum numbers of responders are having annual incomes less than Rs 1,00,000 in Private Bank.

Table 5

Qualification	Respondents
UG	87
Graduate	52
PG	11
Total	150



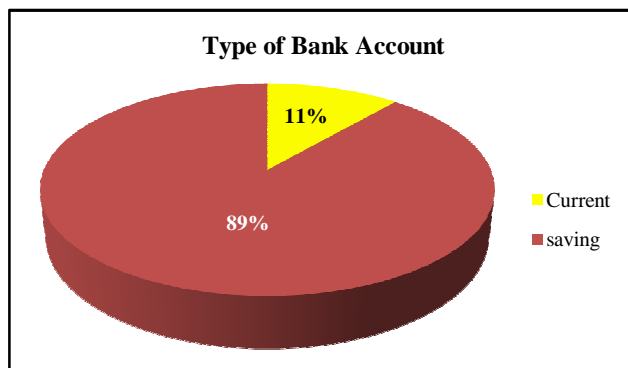
Graph A4

Interpretation

The numbers of undergraduate are more than graduates and post-graduates in Private bank.

Table 6

Type of Bank Account	Respondents
Current	17
Saving	133
Total	150



Graph A5

Interpretation

The saving account holders are more in number than current account holders.

Part B

Researcher has used Likert Scale from 1 to 7 as follows:

Strongly Disagree Strongly Agree

1	2	3	4	5	6	7
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The average response of total 150 responders about Perception (P) and Expectations (E) have been calculated and analyzed.

Table 7: Calculations to Obtain UNWEIGHTED SERVQUAL Score

Average Tangible SERVQUAL score	-0.355
Average Reliability SERVQUAL score	+0.204
Average Responsiveness SERVQUAL score	+0.0975
Average Assurance SERVQUAL score	-0.218
Average Empathy SERVQUAL score	-0.156
TOTAL	-0.428
AVERAGE UNWEIGHTED SERVQUAL SCORE (=Total/5)	-0.0855

Listed below are five features pertaining to Private bank and the services they offer. Researcher has allocated total 100 points among the five features according to their importance.

Table 8: SERVQUAL Importance Weights

Parameter	Points
The appearance of the bank's physical facilities, equipment, personnel and communication materials	10
The bank's ability to perform the promised services dependably and accurately	30
The bank's willingness to help customers and provide prompt services	30
The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence	20
The caring, individual attention the bank provides to its customers.	10
Total	100

Table 9: SERVQUAL WEIGHTED SCORES

SERVQUAL Dimension	Score From Table 1 (A)	Importance weight from Table 2 (B)	Weighted Score A*B
Average Tangible	-0.355	10	-3.55
Average Reliability	+0.204	30	6.12
Average Responsiveness	+0.0975	30	2.925
Average Assurance	-0.218	20	-4.36
Average Empathy	-0.156	10	-1.56
TOTAL			-0.425
AVERAGE UNWEIGHTED SERVQUAL SCORE (=Total/5)	(-0.425)/5		-0.085

Findings

1. From the customers' response, the researcher found that Private bank's physical facilities are above customers' expectations and employees understand customers' specific needs.
2. Material associated with the service (such as pamphlets or statements) visually appealing at a Private bank.
3. Researcher found that when Private bank promises to do something by a certain time, it does so.
4. Solving customers' problems are always at highest priority in service sector. In this survey, the researcher found that when customers are having problems, Private bank shows sincere interest in solving those problems.

Recommendations

1. Modern equipments add value in terms of tangible parameters from customers' perception. Private bank should keep modern equipments as researcher found that customers' perception is less than their expectations.
2. Private bank should improve at neatness appearing at receptions desk. Researcher found that customers' perception is less than the expectations.
3. Keeping commitments as it promises is most important to achieve customer satisfaction. In this survey, the researcher found that private bank should improve in this particular area.
4. Researcher found that there is a communication gap between customers and bank employees which needs to be minimized. This gap is of 'communicating customers about service which will be the time when performed.
5. Researcher found that employees in private bank have less knowledge than customers' exceptions to answer customers' queries or question.
6. Customers expect working hours of their bank to be as per their convenience.
7. Here, in survey, the researcher found that private bank has operating hours which are not as per customers' expectations.
8. Researcher found that customers seek personal attention from employees of the bank. In this area employees need to improve.

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