

A Study on Students Perception towards Quality of Banking Services

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Abstract Service quality is defined as the degree of alignment between customers' expectations, perceptions on the service received and customer satisfaction. Two approaches were used in the present study namely SERVQUAL and customer satisfaction level to measure the service quality of banks. This paper is focused to study and analyze the quality expected and perceived by the students towards banking services and the impact of quality dimension on satisfaction level of students towards the banking services with an aim to explore management students' perception on quality dimensions of banking services. The samples were selected through mixed random sampling method from students studying in management Educational Institutions in Chittoor District of Andhra Pradesh. The Primary Data was collected through the research instrument used in the present research poses a set of structured, paired questions designed to assess the dimensions for both students' expectations and students' perceptions. The collected data was analyzed through Statistical techniques like Mean, Correlation and Step-wise Regression analysis. The results indicate that there are service quality gaps between the students' expectations and their perceptions in six dimensions and further shows satisfaction level is average.

Key Words: Management Students, Banking Services, Customer Expectations, Students Perception, Service Quality, Students Satisfaction.

I. Introduction

Indian Financial system is an integrated system consisting of multi-faceted entities including financial intermediaries, markets and instruments with both domestic and foreign dimensions. Banks are one of the oldest financial intermediaries and banking is a life line of any modern economy. Banks play an important role in the mobilization of deposits and disbursement of credit to various sector of the economy. The banking sector reflects the financial and economic health of the country. The Indian banking industry is going through turbulent times. With the lowering of entry barriers and blurring product lines of banks and non-banks since the financial sector reforms, banks are functioning increasingly under competitive pressures emanating from within the banking system, from non-banking institutions and from the domestic and international capital markets. In this cut-throat competition world it is very essential for banks to maintain a strong base of loyal customer.

Managers in the banking sector are under increasing pressure to demonstrate that their services are customer-focused and that continuous performance improvement is being delivered. For banks to grow it is essential that customer expectations are properly understood and measured and from the customers' perspective, any gaps in service quality to be identified. This information then assists a manager in identifying cost-effective ways of closing service quality gaps and of prioritizing which gaps to focus on – a critical decision given scarce resources. Service quality has become an important factor among the customers in banking. For the success and survival in the banking sector, provision of high service quality is necessary in meeting several requirements such as customer satisfaction and its consequent loyalty, attracting new customers and to increase the market share and profitability.

The purpose of this paper is to assess the quality of banking services provided to the management students and to measure their satisfaction. As India is home to some of the top most management colleges. With good infrastructure and talented and acclaimed faculty members, Indian Management institutes are most sought after by the students. These colleges have provided a good boost to India's management education. Past few decades saw a huge growth in the number of MBA colleges, business schools and management institutes. Moreover management students learn more about quality in their curriculum as in future they have to take care about the quality aspect in the respective concern.

II. Review of Literature

2.1. Student Satisfaction

Kotler and Clarke (1987) define satisfaction as a state felt by a person who has experience performance or an outcome that fulfill his or her expectation. Satisfaction is a function of relative level of expectations and perceives performance. The expectation may go as far as before the students even enter the higher education, suggesting that it is important to the researchers to determine first what the students expect before entering the university (Palacio, Meneses and Perez, 2002).

2.2. Service Quality

A definition of quality revolves around the idea that quality has to be judged on the assessment of the user or consumer of the service. The construct of quality as conceptualized in the services literature is based on the *perceived quality*. Perceived quality is defined as the consumer's judgment about an entity's overall experience or superiority (Zeithaml, 1987; Zammuto et al. 1996). Similarly, Parasuraman, Zeithaml and Berry (1990) also concluded that consumer perceptions of service quality result from comparing expectations prior to receiving the service, and their actual experience of the service. Perceived quality is also seen as a form of attitude, related to, but not the same as satisfaction, and resulting from a comparison of expectations with perceptions of performance (Rowley, 1996). According to Lassar, Manolis and Winsor (2000), two most prevalent and widely accepted perspectives on service quality include the SERVQUAL model and the Technical/Functional Quality framework. Gronroos (1984) held that service quality is made up of three dimensions "the technical quality of the outcome", "the functional quality of the encounter" and "the company corporate image". He argued that in examining the determinants of quality, it is necessary to differentiate between quality associated with the process of service delivery and quality associated with the outcome of service, judged by the consumer after the service is performed. Parasuraman, Zeithaml and Berry (1985) however listed ten determinants of service quality that can be generalized to any type of service. The ten dimensions include tangibility, reliability, responsiveness, competence, access, courtesy, communication, credibility, security and understanding. In addition, these ten dimensions were then regrouped in the well-known five dimensions in the SERVQUAL model (Parasuraman et al., 1990) which include assurance, empathy, reliability, responsiveness and tangibility.

2.3. Service Quality and Students' Satisfaction

Service Quality is commonly noted as a critical prerequisite for establishing and sustaining satisfying relationship with valued customers. In this way, the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern (Cronin and Taylor, 1992). In general, perceived service quality is an antecedent to satisfaction (Spreng and Mckoy, 1996). Thus, a proper understanding of the antecedents and determinants of customer satisfaction can be seen as to have an extraordinarily high monetary value for service organization in a competitive environment (Lassar, Manolis and Winsor, 2000). Bigne, Moliner and Sanchez (2003) found that the overall service quality have a significant relationship with satisfaction at $R= 0.66$. Ham and Hayduk (2003) have confirmed that, even in the higher educational settings, there is a positive correlation between perception of service quality and student satisfaction, and analyzing upon the relationship based on each of the dimension of service quality, reliability ($R=0.547$; sig. = 0.000) has the strongest relationship followed by responsiveness and empathy ($R=0.5431$; sig. = 0.000), assurance ($R=0.492$; sig.= 0.000) and tangibility ($R=0.423$; sig.= 0.000).

A considerable amount of research has been done on the customer perception and satisfaction towards service quality of banks in India and other foreign countries, by academicians and researchers. Many SERVQUAL and customer satisfaction based studies Dr. S. Fatima holy ghost (2011), Ismail A. Bootwala (2012), Vibhorjain (2012), R. Renganathan (2012), Maya BasantLohani (2012), Dr. K. Ravichandran (2010), Uma Sankar Mishra et.al (2010) of customer perception on service quality in the Indian banking system and banking system of foreign countries have appeared in recent years. They have used a few quality dimensions varying from tangibility, empathy, reliability, responsiveness, assurance and accessibility to determine quality perception by analyzing the gap between expected and perceived quality for each dimension and impact of service quality on customer satisfaction.

Most of the studies focused on the customer perception towards quality services of Indian commercial banks in post-reforms eras, by taking heterogeneous customers and studying gap in service quality and its impact on customer satisfaction. None of these studies analyzed the quality perception of banks using homogenous customer like management students, India has large student population. Hence, there was a need to carry out the present study.

III. Objectives of Study

This paper is focused to study the following two objectives with an aim to explore management students' perception on quality dimensions of banking services.

- To analyze the quality expected and perceived by the students towards banking services.
- To analyze the impact of quality dimension on satisfaction level of students towards the banking services.

IV. Data and Methodology

The following methodology is adopted to study the above research objectives. The samples were selected through mixed random sampling method from students studying at management Educational Institutions in Chittoor District of Andhra Pradesh. One possible method for collecting information on both the perceptions and expectations of customers is a method called SERVQUAL, which was developed to measure the differences between customers' expectations and perceptions. The SERVQUAL forms the central part of the gap model for measuring customer focused quality. The SERVQUAL instrument identifies six dimensions, Tangibility, Reliability, Responsiveness, Empathy, Assurance and Accessibility of service quality that customers routinely use as a way of evaluating services, further satisfaction level of management students' towards banking services was observed based on perceived quality for each dimension.

The questionnaire was administered to the students during free time in the college. We have distributed 200 questionnaires and finally 160 respondents were completed and returned the questionnaires, which represents about 80% response rate. The Primary Data was collected through the research instrument used in the present research poses a set of structured, paired questions designed to assess these dimensions for both customers' expectations and customers' perceptions. A seven-point Likert scale was used for the scoring system as 1 for no expectations to 7 unimaginable expectations for quality expected, 1 for no quality to 7 unimaginable quality, and 1 for no satisfaction to 7 for unimaginable satisfaction. The collected data was analyzed through Statistical techniques like Mean, Correlation and Step-wise Regression analysis.

V. Research Hypotheses

The following hypotheses were developed to bring better interpretations in support of the fulfillment of research objectives.

1. Quality expected and quality perceived of management students does not differ significantly for each dimension of quality.
2. Quality dimensions do not have significant impact on satisfaction level of management students.

VI. Results and Discussions

From the total respondent of 155 there are 65 (41.93 %) female respondent and remaining male respondent. Further these 155 respondents visit banks on monthly basis and that to only public banks for their specific purpose. From the Table-1 it is clear that mean expectation for the tangibility dimension of 4.70 on 7 point likert scale is more followed by reliability of 4.54, empathy of 4.464, accessibility of 4.46, responsiveness of 4.43 and assurance of 4.15. The overall mean expectations of management students are 4.45. When mean perception is observed tangibility mean of 4.60 is more and followed by reliability of 4.44, accessibility of 4.37, assurance of 4.27, empathy of 4.18 and responsiveness of 4.17. The overall mean perception of management students is 4.34.

The Table-1 shows un-weighted SQ score for all dimensions is negative showing that the service quality expectation of the management students' on banking services is greater than their perceptions tangibility (-0.02), reliability (-0.02), responsiveness (-0.04), empathy (-0.05), accessibility (-0.01) and assurance (-0.02) indicating banks should concentrate on their service quality for sustainability reasons. It was further found that there is no significant difference in quality expected and quality perceived for tangibility, reliability, and accessibility where as significant difference is found for responsiveness, empathy and assurance quality dimensions. This shows that banks are suppose to concentrate more for quality aspects on responsiveness, empathy and assurance to make sure these management students continue to be loyal customers in future. Moreover there is no significant difference found for quality expected and quality perceived in the overall quality of banking services.

Table 1: Un-weighted Service Quality Score of Each Dimension

Dimensions	Mean Expectation	Mean Perception	Gap	SQ Score	t-value	p-value
Tangibility	4.70	4.60	-0.10	-0.02	1.30	0.19**
Reliability	4.54	4.44	-0.10	-0.02	1.18	0.23**
Responsiveness	4.43	4.17	-0.25	-0.04	2.47	0.01*
Empathy	4.46	4.18	-0.28	-0.05	2.63	0.00*
Accessibility	4.44	4.37	-0.07	-0.01	0.73	0.46**
Assurance	4.15	4.27	-0.12	-0.02	-1.24	0.02*
Overall Quality	4.45	4.34	-0.16	-0.03	1.96	0.10**

*significant at 5 % level of significance

**not significant at 5 % level of significance.

Table-2 indicate that there is a significant and positive relationship between tangibility, reliability, responsiveness, empathy, accessibility, assurance and overall service quality to management students satisfaction. Further, assurance has the strongest relationship with satisfaction followed by responsiveness, accessibility, reliability, tangibility and empathy.

Table 2: Correlation Matrix of Quality Dimensions and Satisfaction

	Tangibility	Reliability	Responsive-ness	Empathy	Accessi-bility	Assurance	Overall Quality	Satis-faction
Tangibility	1							
Reliability	0.74	1						
Responsiveness	0.64	0.81	1					
Empathy	0.42	0.48	0.60	1				
Accessibility	0.64	0.64	0.67	0.60	1			
Assurance	0.64	0.81	0.82	0.78	0.76	1		
Overall Quality	0.78	0.87	0.89	0.77	0.85	0.98	1	
Satisfaction	0.42	0.50	0.58	0.40	0.58	0.81	0.64	1

The relationship between tangibility and student satisfaction is $r=0.42$ meaning that tangibility has a moderate relationship toward satisfaction similar with empathy ($r=0.40$), reliability ($r=0.50$), responsiveness and accessibility ($r=0.58$). Assurance shows a stronger relationship with satisfaction with $r=0.81$. The relationship between overall service quality and management students' satisfaction is 0.64 stating that the relationship is stronger than moderate. Furthermore, the results indicate that all the dimensions are correlated and significant with one another. Therefore, the results proven that the service quality dimensions (tangibility, assurance, responsiveness, reliability and empathy) have a significant relationship with students satisfaction.

Table 3: Step-wise Regression Result

Regression Statistics	
Multiple R	1
R Square	1
Adjusted R Square	1
Standard Error	1.34281E-15
Observations	155

ANOVA Results					
	df	SS	MS	F	p-value
Regression	6	198.9992832	33.1665472	1.839E+31	0
Residual	148	2.66865E-28	1.8031E-30		
Total	154	198.9992832			

Coefficients				
	Coefficients	Standard Error	t Stat	P-value
Intercept	1.77636E-15	7.33285E-16	2.42246407	0.0166241
Tangibility	-7.6134E-17	2.30533E-16	-0.330252	0.7416765
Reliability	-1	2.61187E-16	-3.829E+15	0
Responsiveness	3.56937E-16	2.22608E-16	1.60343654	0.1109703
Empathy	-1	1.85478E-16	-5.391E+15	0
Accessibility	3.96576E-16	1.61929E-16	2.44907908	0.0154899
Assurance	3	3.71227E-16	8.0813E+15	0

The R-square value is equal to 1 (adjusted R-square=1) and indicate 100% variance in students satisfaction which is explained by the six dimensions provided in the output. The F-statistic produced (F=1.839E+31) shows significant impact of quality dimensions on satisfaction. The impact of individual dimensions on satisfaction can also be seen in the Table-3. Reliability, empathy and assurance have significant impact on the satisfaction with coefficient values -1, -1 and 3 respectively. Whereas the tangibility, responsiveness and accessibility each has no significant impact with coefficient values -7.6134E-17, 3.56973E-16 and 3.96576E-16 respectively

VII. Conclusions

In the analysis of service quality, the use of SERVQUAL as a technique is necessary to explore the most important strength and weaknesses of a service provider and further it is also necessary to analyze the relationship between service quality and satisfaction. Students felt that the level of services are below to their expectations and their satisfaction towards service quality is average. Two different approaches used are SERVQUAL and customer satisfaction level to assess the service quality and both approaches stress on two dimensions empathy and assurance, dictating as critical dimensions where banks should improve their service quality to make management students to continue with their banking services. Moreover, there is no significant difference found for quality expected and quality perceived in the overall quality of banking services. The results also indicate that all the dimensions are correlated and significant with one another. Therefore, the results proven that the service quality dimensions (tangibility, assurance, responsiveness, reliability and empathy) have a significant relationship with students satisfaction.

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