



CUSTOMER SERVICE EXPECTATIONS OF PUBLIC SECTOR BANKS IN SALEM DISTRICT

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Abstract

Today in the era of extreme competition Public Sector Banks are considered customer satisfaction as the fundamental unit of success in the banking sector. The main objective of this study is to customer service expectations of public sector banks in Salem district. Descriptive research method was adopted for this study using 627 valid questionnaires which were completed by customers of public sector banks in Salem district. Simple random sampling technique was adopted for the study. Descriptive statistics (frequency analysis and percentage analysis), independent sample t test, one way ANOVA analysis and multiple regression analysis were adopted for data analysis. The study found that female customers are highly excepted service of public banks sector when compared male customers. The study highlighted that the customer expectation dimensions such as reliability, competence, accessibility, courtesy, security, understanding and tangibility influence over customer perception. The remaining factors responsiveness, communication and credibility are not influenced over customer perception. The study concluded that marketing managers should not only focus on market perception and customer expectation can change rapidly from time to time; perhaps there will be a new trend in the near future.

Keywords: Simple Random Sampling Technique, customer expectation, t test and one way ANOVA analysis.

INTRODUCTION

Service quality is of most importance in analyzing the performance of bank branches, while their survival depends on their service quality levels they provide (Portela & Thanassolis 2006). Excellence in service quality is a key to achieve customer loyalty, which is the primary goal of business organizations, due to the advantages of customer retention (Ehigie 2006). Today, the growing awareness among bank customers of their rights, changing demands and highly competition requires constant evolution in service quality from the bank for their customers to continue loyal.

The objective of this research is to seek and measure the customer service expectations of public sector banks in Salem district. Many banks pledge to the fact that high customer satisfaction will direct to better customer loyalty which, in turn, leads to upcoming proceeds. For that matter, many banks that resorted to having better service quality have been found to be market leaders in terms of sales and long-term customer loyalty and retention. Although many researchers have been conducted to understand the customer perceptions and loyalty on banking industry, this study focuses, mainly, on the various factors that affect customer expectation.

Review of Literature

Zeithaml et al. (1990) stated that customer service expectation is built on complex considerations, including their own pre-purchase beliefs and other people's opinions. Similarly, Miller also stated that customers' expectation related to different levels of satisfaction. It may be based on previous product experiences, learning from advertisements and word-of-mouth communication. Santos added that expectation could be seen as a pre-consumption attitude before the next purchase; it may involve experience.

Nazia Nabi (2014) researched that customer expectation of service quality. The study has been conducted in Dhaka city of Bangladesh. This study is based on questionnaire methods. A sample of 100 customers has been selected by using the convenient sampling method. The quantitative research is conducted for this study. This study concluded that among the several dimensions, customers give emphasize on tangibles, responsiveness and assurance while evaluating service quality. The study highlights that marketers in banking industry for more focus on what customers expect and improvement in delivery of service quality.

Samaan Almsalam (2014) analyzed that Effects of Customer Expectation and Perceived Service Quality on Customer Satisfaction. Data were collected through a survey, including samples of 250 customers from the 5 Banks in Damascus, Syria. The finding shows that customer expectation and perceived service quality have a positive effect on customer satisfaction. Bank managers must know how improvement in service quality influences customer satisfaction and what expectation levels they might consider to increase consumer satisfaction which ultimately retains valued customers.

Ananth, Ramesh and Prabakaran (2014) researched that Service Gap Analysis in Private Sector Banks. The two banks selected for the study were ICICI and CUB. Hundred customers from each bank were selected based on convenience

sampling technique. The research shows that the dimension of service quality such as Empathy and Accessibility has a greater gap, as the customer expectations are high in their perceived service. The result also indicates that the Empathy-Reliability-Assurance dimensions are positively influenced by the service quality. The study implies that banks should reduce the service gap to deliver a superior quality of service to retain existing customers as well as to attract new customers.

Azizi Shahriar and Hosseinabadi Vahid (2015) analyzed that medical market based on banking expectations. Qualitative research design method was adopted. Using content analysis nine major expectations were identified which consisted of 24 sub-expectations. In quantitative phase data were collected by 456 questionnaires. Results revealed that major expectation of medical market are: check related services in the laboratory guild, loans in the pharmacy guild, and speed in the clinic guild. Segmentation showed three distinct segments: traditional, modern and low demanding. The results showed that laboratory and pharmacy guilds were almost similar to each other while the clinic guild had differences in comparison with the two other guilds.

Research Methodology

Research Design

Descriptive research design was adopted for this study. The study is conducted to the customers who maintain relationship with the public sector banks in the Salem district at different geographic locations based on the district headquarters, where different business transactions are made by the customers can be studied.

Statement of The Problem

Customers are the key sources of any kind of business. To keep customer for a long period of time businesses have to make them satisfy. To measure customer satisfaction with respect to customer service expectations various dimension (reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, security, understanding and tangibility) in public sector banks in Salem district.

Objective of The Study

1. To study the customer service expectations of public sector banks in Salem district.
2. To analyze the dimensions of customer service expectations influence over customer perception towards public sector banks in Salem district.

Hypothesis of The Study

1. There is no mean difference between gender groups with respect to customer service expectations of public sector banks in Salem district.
2. There is no mean difference among age groups with respect to customer service expectations of public sector banks in Salem district.
3. There is no influence of dimensions of customer service expectations over customer perception towards public sector banks in Salem district.

Pilot Study

After designing and developing the questionnaire it has to be tested. A small group of target participants (50 participants), are used for the pilot study. Pilot study also indicated how well the participants understand the questions and which questions may be ambiguous and unclear. This feedback can be used to eliminate ambiguity in the wording and design of the questionnaire.

Main Study

A sample size of 700 respondents was chosen to whom the questionnaires were distributed. Out of 700, 640 questionnaires were returned by the respondents which represented a very satisfactory response rate of 90 per cent. Out of the 640 questionnaires, 13 were ignored for lack of complete information. A sample size of 627 respondents was taken for the study.

Sampling Technique

Simple random sampling technique was adopted for the study. Srivastava (2008) there is only a less effort need to collect the data. Actually no pre plan of executing is there.

Questionnaire Construction

This section has 34 statements concerning Customer Expected Service Quality and Customer perception Service Quality consists of ten sub-scales such as, (1) Reliability, (2) Responsiveness, (3) Competence, (4) Accessibility, (5) Courtesy, (6) Communication, (7) Credibility, (8) Security, (9) Understanding/ Knowing and (10) Tangibility. SERVQUAL developed by Parasuraman (1988) was used with some modifications by adopting Likert's seven-point scale (Strongly Agree – 7, Agree –

Somewhat Agree – 5, Not Sure – 4, Somewhat Disagree – 3, Disagree – 2 and Strongly Disagree – 1) was used to measure the responses.

Reliability Analysis:The reliability analysis show that the Cronbach’s alpha seven sub-scales of Customer Expected Service Quality and Customer Perceived Service Quality sub-scales range from 0.667 to 0.893. Cronbach’s alpha should be at least 0.70 to be considered as acceptable.

Method of Data Collection:The researcher has distributed the questionnaire to the customers who visited to the bank branch and requested them to respond to the questionnaire after explanation the significance of the study. After careful instructions and verification, he has collected the filled-in questionnaires. This process has taken almost 15 days during the year 2014.

Statistical Tools Used:The following statistical tools such as descriptive statistics (frequency analysis and percentage analysis), independent sample t test, one way ANOVA analysis and multiple regression analysis were adopted in this study.

Analysis And Interpretation

Table 1 showing demographic profile of the customers of public sector banks

SL.NO.	Variable	Category	Frequency	Percentage
1.	Gender	Male	353	56.3
		Female	274	43.7
		Total	627	100.0
2.	Age	Up to 30 Years	129	20.6
		31 to 50 Years	422	67.3
		Above 50 Years	76	12.1
		Total	627	100.0

Source primary data

It is observed that among 627 customers, majority of the customers are male (N=353) (56.3.0%), and (N=274) (43.7%) are female. Most of the customers belonging to the age group of 31 to 50 years (N=422) (67.3%), followed by the customers in the age group of up to 30 years (N=129) (20.6%) and (N=76) (12.1%) of the customers are in the age group of above 50 years category.

Table 2 independent sample t test Showing mean difference between gender groups based on customer service expectations of public sector banks

Dimension	Gender	N	Mean	SD	t	p
Reliability	Male	353	6.0142	.72849	-0.813	0.416
	Female	274	6.0611	.70233		
Responsiveness	Male	353	5.5354	.99492	-2.125	0.034
	Female	274	5.6889	.75238		
Competence	Male	353	5.1544	1.08788	-1.806	0.071
	Female	274	5.3057	.97489		
Accessibility	Male	353	5.4419	.91303	-0.414	0.679
	Female	274	5.4735	.99102		
Courtesy	Male	353	5.6978	.85759	0.888	0.375
	Female	274	5.6314	1.01433		
Communication	Male	353	5.3296	1.08769	-1.376	0.169
	Female	274	5.4453	.98526		
Credibility	Male	353	5.6119	.99786	-0.534	0.594
	Female	274	5.6533	.91711		
Security	Male	353	5.4882	.89362	-5.100	0.000
	Female	274	5.8650	.94755		
Understanding	Male	353	5.4627	1.03564	-2.515	0.012
	Female	274	5.6606	.89609		
Tangibility	Male	353	5.6062	1.01913	-1.696	0.090
	Female	274	5.7360	.85429		

Source primary data

Table 2 Interpretation

The independent sample t test considered for the pilot study sample of customers of public sector banks in Salem district. The analysis was done for mean difference between gender groups with respect to customer service expectations of public sector banks. The independent variable gender is classified in to two groups such as male and female. Likewise the dependent variable sub divided in to ten categories such as reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, security, understanding and tangibility. To test the following hypothesis

Null hypothesis H_0 : Customers opinion does not differ towards customer service expectations with respect to gender groups of the customers

Null hypothesis H_A : Consumers opinion differs towards customer service expectations with respect to gender groups of the customers

The factor responsiveness shows that ($t = -2.125$ and $p = 0.034$); security shows that ($t = -5.100$ and $p = 0.000$) and understanding shows that ($t = -2.515$ and $p = 0.012$). Hence, the p value is less than 0.05; so the null hypothesis is rejected at 5% level of significance. From this independent sample t test, it is shows that that gender of the customers has significant differences with respect to the responsiveness security and understanding. Remaining seven factors p values are greater than 0.05; so the null hypothesis is accepted and not significance. The analysis found that female customers are highly excepted service of public banks sector when compared male customers.

Table 3 Interpretation

One way ANOVA considered for the main study sample of customers of public sector banks in Salem district. The analysis was done for mean difference among age groups with respect to customer service expectations of public sector banks. The independent variable age of the customer is classified in to three groups such as up to 30 years, 31 to 50 years and above 50 years. Likewise the dependent variable sub divided in to ten categories such as reliability, responsiveness, competence, accessibility, courtesy, communication, credibility, security, understanding and tangibility. To test the following hypothesis

Table 3 One way ANOVA result Showing mean difference among age groups based on customer service expectations of public sector banks

Dimension	Age	N	Mean	SD	F	p
Reliability	Up to 30 Years	129	6.1008	.68431	1.265	0.283
	31 to 50 Years	422	6.0030	.73115		
	Above 50 Years	76	6.0987	.68809		
	Total	627	6.0347	.71699		
Responsiveness	Up to 30 Years	129	5.6531	.80423	0.667	0.514
	31 to 50 Years	422	5.6049	.92189		
	Above 50 Years	76	5.5033	.93050		
	Total	627	5.6025	.89959		
Competence	Up to 30 Years	129	5.1260	1.18961	1.112	0.330
	31 to 50 Years	422	5.2636	1.00900		
	Above 50 Years	76	5.1414	.94810		
	Total	627	5.2205	1.04192		
Accessibility	Up to 30 Years	129	5.2209	1.17036	6.041	0.003
	31 to 50 Years	422	5.5415	.88169		
	Above 50 Years	76	5.3783	.80363		
	Total	627	5.4557	.94726		
Courtesy	Up to 30 Years	129	5.3463	1.14063	10.998	0.000
	31 to 50 Years	422	5.7757	.79866		

	Above 50 Years	76	5.6228	1.07682		
	Total	627	5.6688	.92915		
	Up to 30 Years	129	5.2894	1.18467		
Communication	31 to 50 Years	422	5.4329	1.00071	1.699	0.184
	Above 50 Years	76	5.2412	1.02357		
	Total	627	5.3801	1.04493		
	Up to 30 Years	129	5.4160	1.31895		
Credibility	31 to 50 Years	422	5.7180	.81244	5.679	0.004
	Above 50 Years	76	5.5044	.96224		
	Total	627	5.6300	.96287		
	Up to 30 Years	129	5.4935	1.01815		
Security	31 to 50 Years	422	5.7378	.86405	5.438	0.005
	Above 50 Years	76	5.4518	1.10581		
	Total	627	5.6528	.93572		
	Up to 30 Years	129	5.4315	1.00468		
Understanding	31 to 50 Years	422	5.6224	.94177	3.830	0.022
	Above 50 Years	76	5.3421	1.11285		
	Total	627	5.5492	.98129		
	Up to 30 Years	129	5.5504	1.08065		
Tangibility	31 to 50 Years	422	5.7148	.91384	1.930	0.146
	Above 50 Years	76	5.5658	.91574		
	Total	627	5.6629	.95208		

Source primary data

Null hypothesis H_0 : Customers opinion does not differ towards customer service expectations with respect to age groups of the customers

Null hypothesis H_A : Consumers opinion differs towards customer service expectations with respect to age groups of the customers

The factor accessibility shows that ($F = 6.041$ and $p = 0.003$); courtesy shows that

($F = 10.998$ and $p = 0.000$); credibility shows that ($F = 5.679$ and $p = 0.004$); security shows that ($F = 5.679$ and $p = 0.005$) and understanding shows that ($F = 3.830$ and $p = 0.022$). Hence, the p values are less than 0.05; so the null hypotheses are rejected at 5% level of significance. From this one way ANOVA result, it is shows that that age of the customers has significant differences with respect to the dimensions such as accessibility, courtesy, credibility, security and understanding.

The one way ANOVA result found that customer service expectations do not differ towards the dimensions such as Reliability, Responsiveness, Competence, Communication and Tangibility and significantly differ towards the factors such as accessibility, courtesy, credibility, security and understanding with respect age of the customers.

Table 4 interpretation

Table 4 multiple regression analysis showing expectation factors influence over perception towards public sector banks Model Summary

R	R Square	Adjusted R Square	F	Sig.
0.818	0.670	0.664	124.836	0.000

Coefficients

SL.NO.	Dimensions	Un standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	Constant	0.567	0.157		3.602	0.000
1	Reliability	0.133	0.027	0.139	4.926	0.000
2	Responsiveness	0.047	0.026	0.063	1.835	0.067
3	Competence	0.086	0.019	0.131	4.568	0.000
4	Accessibility	0.101	0.022	0.141	4.706	0.000
5	Courtesy	0.169	0.022	0.231	7.640	0.000
6	Communication	0.015	0.020	0.023	0.744	0.457
7	Credibility	0.034	0.022	0.047	1.516	0.130
8	Security	0.066	0.023	0.090	2.895	0.004
9	Understanding	0.185	0.021	0.266	8.967	0.000
10	Tangibility	0.051	0.021	0.070	2.389	0.017

Dependent Variable: Perception

The multiple regression test has been carried out for the sample of 627 to test the below hypothesis.

H_0 - There is no influence by the customer's expectation over the customer perception.

H_1 - There is an influence by the customer's expectation over the customer perception.

The above table shows that (R^2 -0.670, F-124.836 and p-0.000), Hence the p value is significant at 1% level. It is concluded that 67% of independent variables influence over customers perception.

The table also exhibits that three factors are not significant among the ten factors of customer's expectation. The remaining seven factors of customer's expectation are significant at 1% level with the customer's perception.

Findings of The Study

1. It is observed that among 627 customers, majority of the customers are male (N=353) (56.3.0%), and (N=274) (43.7%) are female.
2. Most of the customers belonging to the age group of 31 to 50 years (N=422) (67.3%), followed by the customers in the age group of up to 30 years (N=129) (20.6%) and (N=76) (12.1%) of the customers are in the age group of above 50 years category.
3. From this independent sample t test, it is shows that that gender of the customers has significant differences with respect to the responsiveness security and understanding. Remaining seven factors p values are greater than 0.05; so the null hypothesis is accepted and not significance. The analysis found that female customers are highly expected service of public banks sector when compared male customers.
4. The one way ANOVA result found that customer service expectations do not differ towards the dimensions such as Reliability, Responsiveness, Competence, Communication and Tangibility and significantly differ towards the factors such as accessibility, courtesy, credibility, security and understanding with respect age of the customers.
5. Multiple regression analysis found that (R^2 -0.670, F-124.836 and p-0.000), Hence the p value is significant at 1% level. It is concluded that 67% of independent variables influence over customers perception. The customer's expectation dimensions such as reliability, competence, accessibility, courtesy, security, understanding and tangibility influence over customer perception. The remaining factors responsiveness, communication and credibility are not influenced over customer perception.

6. Suggestions of The Study

1. Public sector banks should provide the customers through capacity building across multi delivery channels. They are better placed and balanced to take customers through fast changing times and facilitate them compete more effectively in the market they operate.
2. Public sector banks should be prepared for example to shorten the procedures and formalities and to open all counters in a unit when necessary. Thus, the waiting time reduce which will positively influence customers' satisfaction.



3. Marketing managers should not only focus on market perception and customer expectation can change rapidly from time to time; perhaps there will be a new trend in the near future.

Conclusion

Today in the era of extreme competition Public Sector Banks are considered customer satisfaction as the fundamental unit of success in the banking sector. The main objective of this study is to customer service expectations of public sector banks in Salem district. Descriptive research method was adopted for this study using 627 valid questionnaires which were completed by customers of public sector banks in Salem district. Simple random sampling technique was adopted for the study. Descriptive statistics (frequency analysis and percentage analysis), independent sample t test, one way ANOVA analysis and multiple regression analysis were adopted for data analysis. The study found that female customers are highly excepted service of public banks sector when compared male customers. The study highlighted that the customer expectation dimensions such as reliability, competence, accessibility, courtesy, security, understanding and tangibility influence over customer perception. The remaining factors responsiveness, communication and credibility are not influenced over customer perception. The study concluded that marketing managers should not only focus on market perception and customer expectation can change rapidly from time to time; perhaps there will be a new trend in the near future.

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