

A STUDY ON THE IMPACT OF SERVICE QUALITY AND CUSTOMER SATISFACTION WITH SPECIAL REFERENCE TO SBI IN COIMBATORE DISTRICT USING STRUCTURAL EQUATION MODEL

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Abstract: Service quality and customer satisfaction are inarguably the two core concepts that are at the crux of the marketing theory and practice. In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers. Therefore, there is not even an iota of doubt concerning the importance of service quality as the ultimate goal of service providers throughout the world. In an era of intense global competition; many organizations have now shifted the paradigm of service quality to customer's perspective. The main purpose of this paper is to evaluate the SBI's service quality through customer satisfaction using SERVQUAL instrument. Five dimensions are taken into consideration for measuring the impact of service quality over customer satisfaction viz., Reliability, Tangibility, Responsiveness, Assurance and Empathy for the study. The Structural equation model is used to measure the impact and the result showed that tangible, reliability and empathy are directly and positively influencing the service quality of SBI customers in Coimbatore.

Key Words: Service Quality, Customer Satisfaction

I. INTRODUCTION

Excellent service is a profit strategy because it results in many new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring the re-performance of services. Excellent service can also be energizing because it requires the building of an organizational culture in which people are challenged to perform to their potential and are recognized and rewarded when they do. Service is a key component of value that drives any company's success. To the customer, value is the benefits received for the burdens endure such as price, an inconvenient location, unfriendly employees, or an unattractive service facility. Quality service helps a company maximize benefits and minimize non-price burdens for its customers. Service

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quality and customer satisfaction are inarguably the two core concepts that are at the crux of the marketing theory and practice. In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers. Therefore, there is not even an iota of doubt concerning the importance of service quality as the ultimate goal of service providers throughout the world.

In an era of intense global competition; many organizations have now shifted the paradigm of service quality to customer's perspective. Based on this paradigm, a customer will judge the quality of service accorded and determine whether it met his/her expectations. In a quality management context, customer satisfaction is often defined as a result of comparison between what one customer expects about services provided by a service provider and what one customer receives actual services by a service provider. If services provided by an organization meet a customer's needs, this may lead to higher customer satisfaction. Customer satisfaction has been viewed as an important indicator of corporate competitiveness, since it has a positive link to customer loyalty and profitability.

II. CONCEPTUAL FRAMEWORK OF SERVICE QUALITY

Parasuraman, *et al.*, (1988) developed SERVQUAL instrument to measure the dimensions of service quality that is frequently used by researchers to investigate service quality. It consists of 22 items that are compiled into five dimensions namely reliability, tangibility, responsiveness; assurance and empathy¹.

RELIABILITY

Reliability is the ability to perform services dependably and accurately in a consistent manner. It contains five elements to assess the accuracy and credibility of bank services. This dimension of service quality evaluates the promises of banks and its execution from customers' point of view. Reliability is an important determinant of product quality besides good personal service, staff attitude, knowledge and skills. It is found that service reliability is the service "core" to most customers and managers should use every opportunity to build a "do-it-right-first" attitude.

TANGIBILITY

It shows the physical aspects of the services as physical facilities, appearance of personnel and tools used for the provision of services. It is more concerned with aesthetic part of the banks. It is reported that customers prefer tangible dimension of service quality in the banking sector. Bank could create customer relationships by delivering added tangible and intangible elements of the core products.

RESPONSIVENESS

This dimension reflects the willingness or readiness of employees to provide immediate services to customers. Customers are very sensitive to employees' working environment in service organizations. It was found that correct match between staff skills and customers' expectation resulted in better service quality towards customers. Service recovery and problem solving are recognized as important parts of services quality. Responsiveness is rated as the most critical dimension of service quality.

ASSURANCE

It indicates the employees' knowledge, courtesy and their ability to convey trust and confidence. Assurance is an essential dimension of service quality after reliability and responsiveness towards satisfaction. Assurance has the strongest impact on customer satisfaction that leads to positive word of mouth outcome. Bank can create customer satisfaction by ensuring trustworthy behavior and reflection of genuine commitments to service provision. It is found that trust and commitment are crucial factors for customer satisfaction.

EMPATHY

It shows the magnitude of caring and individual attention given to customers. It is suggested that employees' commitment to deliver quality services, skilfully handling.

III. METHODOLOGY

In Coimbatore district, there are 24 branches of State Bank of India functioning including Regional Office. The total number of State Bank of India branches is divided into eight different groups in terms of geographical area viz., Coimbatore city, Peelamedu, Sullur, Mettupalayam, Singanallur, Anamalai, Kinathukadavu and Pollachi. From each geographical area, one branch is selected based on its performance for the present study. In order to examine the structural relationship between service quality dimensions and customer satisfaction about services of State Bank of India, the Structural Equation Model (SEM) has been employed.

IV. STRUCTURAL RELATIONSHIP BETWEEN SERVICE QUALITY DIMENSIONS AND CUSTOMER SATISFACTION HYPOTHESIS

There is no significant structural relationship between service quality dimensions and customer satisfaction about services of State Bank of India.

In order to examine the structural relationship between service quality dimensions and customer satisfaction about services of State Bank of India, the

Structural Equation Model (SEM) has been applied and the results are presented in Table.

Standardized Structural Path Coefficients

<i>Path</i>	<i>Standardized Coefficients</i>	<i>CR</i>	<i>P-Value</i>
SQ ← TAN	.241	4.256	***
SQ ← REL	.328	4.292	***
SQ ← EMP	.209	4.370	***
SQ ← ASS	.264	4.124	***
SQ ← RES	.380	4.748	***
CS ← SQ	.559	5.196	***

Source: Primary Data

Note: *** indicates significant at one per cent level

The results show that the standardized coefficient for Service Quality (SQ) against TAN (Tangible) is 0.241 and the standardized coefficient for Service Quality (SQ) against REL (Reliability) is 0.328 and the standardized coefficient for Service Quality (SQ) against EMP (Empathy) is 0.209 indicates that these values are significant at one per cent level. Hence, it is inferred that tangible, reliability and empathy are directly and positively influencing the service quality.

Meanwhile, the standardized coefficient for Service Quality (SQ) against ASS (Assurance) is 0.264 and the standardized coefficient for Service Quality (SQ) against RES (Responsiveness) is 0.380 shows that these values are significant at one per cent level. Therefore, it is inferred that assurance and responsiveness are also directly and positively influencing the service quality.

The standardized coefficient for CS (Customer Satisfaction) against Service Quality (SQ) is 0.559 and it is significant at one per cent level. Therefore, it reveals that the service quality is directly and positively influencing the customer satisfaction. Hence, the null hypothesis of there is no significant structural relationship between service quality dimensions and customer satisfaction about services of State Bank of India is rejected.

The structural equation model for customer satisfaction about services of State Bank of India is shown in figure.

The model fit parameters are presented in Table.

MODEL FIT PARAMETERS

<i>Chi-Square Value</i>	<i>P-Value</i>	<i>GFI</i>	<i>CFI</i>	<i>RMR</i>	<i>RMSEA</i>
1.97	0.00	0.98	0.97	0.02	0.04

Source: Primary Data

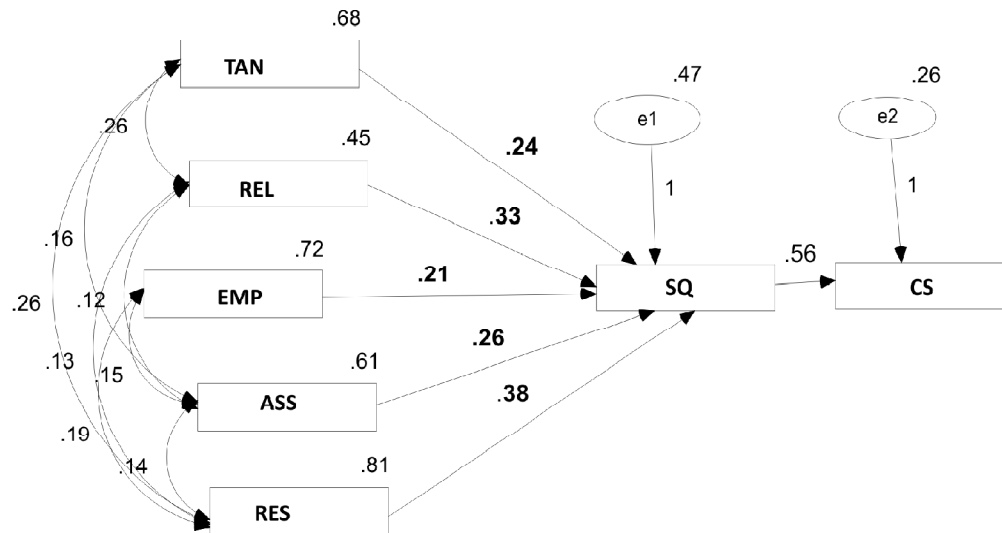


Figure: SEM for Customer Satisfaction about Services of State Bank of India

It indicates an excellent fit with chi-square statistic of 1.97, which is significant at one per cent level. The Goodness of Fit Index (GFI) is 0.98 and Comparative Fit Index (CFI) is 0.97. These GFI and CFI indicate perfect fit. The standardized Root Mean Residual (RMR) is 0.02 and Root Mean Square Error of Approximation (RMSEA) is 0.04 indicating excellent fit.

V. CONCLUSION

The results of Structural Equation Model (SEM) reveal that tangible, reliability and empathy are directly and positively influencing the service quality. Besides, assurance and responsiveness are also influencing the service quality. Meanwhile, the service quality is directly and positively influencing the customer satisfaction. Hence there exists a structural relationship between service quality dimensions and customer satisfaction about services of State Bank of India.

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