Chapter-3

Review of Literature
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3.1 DIMENSIONS OF SERVICE QUALITY

Curry et al., (2002, p.197) in an attempt to assess the quality of physiotherapy services used the SERVQUAL model and three physiotherapy services in Dundee, Scotland. They considered the ten original criteria for evaluation and combined them into five; tangibles, reliability, responsiveness, assurance (including competence, courtesy, credibility, and security) and empathy (including access, communication, and understanding). The quality gap is measured with these five dimensions with the application of an adaptable 22 item survey instruments. The survey involves questions relating to customers' expectations and perceptions. They sought to measure five gaps developed by Parasuraman et al., (1985). They found out that the services were highly appreciated by customers even though they realized that the perception gaps were slightly negative and the services could be improved. Their studies proved that assurance and empathy were very important in their research. In spite of the criticisms of the SERVQUAL model they confirm its potential applicability in measuring service quality in the public sector to determine consumer priorities and measure performance.

Badri M, (2003) made an assessment and application of the SERVQUAL model in measuring service quality in information technology centre. For their research gap they used a larger sample which also differs from other studies that addressed the dimensionality problem of the IT centre-adapted SERVQUAL instruments. The second gap was to identify the gaps in service quality in the IT centres in the three institutions of higher education in the United Arab Emirates. Their findings showed that there was an inadequacy of dimensions for a perfect fit. On the other hand, based on their feedback, respondents felt that SERVQUAL is a useful indicator for IT centre service quality in institutions of higher education. SERVQUAL identified gaps in service quality for the three institutions. Empirical results of SERVQUAL scores for the IT centres in the three institutions are also presented.

Siddiqui & Sharma (2010): The study strives to develop a valid and reliable instrument to measure customer perceived service quality in life-insurance sector. A
conclusive cross sectional descriptive research design was used to study the service quality structure and its key dimensions in life insurance sector. The survey instrument was a SERVQUAL type questionnaire relevant to insurance industry, which consisted of 26 statements for both expectations and perception scores, regarding various aspects of service quality. These service quality aspects were identified by a detailed exploratory identification process. This included five focus group discussions (with 40 life insurance policyholders); eight in-depth interviews (three with branch managers and five with agents of various life insurance companies). Quota (multi stage) and shopping mall intercept sampling schemes have been employed for data collection from 868 respondents (policyholders). Exploratory factor analysis of perception and expectation scores (separately) yielded a six dimensional instrument comprising of assurance, personalized financial planning, competence, corporate image, tangibles and technology is suggested. The results of Analytical Hierarchy Process (AHP) highlight the priority areas of service improvement and reveal that not all dimensions contribute equally to overall expectations of service quality in life insurance context i.e. there is a hierarchy of service quality factors in this industry. The study indicates that among the various service quality dimensions in the life insurance industry, assurance is the most important determinant of service quality, followed by personalized financial planning, competence, corporate image, tangibles and technology, in that order.

Ahmad & Sungip (2008) the purpose of this paper was to evaluate customers’ general expectation and perception of insurers in terms of services offered at the insurance service counter (ISC). Other than that, this paper also examined the relationship between the demographic factors and SERVQUAL mean score. The study utilized the survey approach. The sample consisted of 319 respondents. The purpose of this research project is to determine the importance of five service quality dimensions from the customer viewpoints. In this study, the respondents were asked to evaluate 56 items (28 each on perception and expectation) using the rating of a seven-point scale worded positively in short statements. The result shows huge gap for reliability, responsiveness and empathy, which reliability shows highest gap between customers’ perception and expectation. This research illustrates reliability emerged as the most critical determinant of SERVQUAL measure for service quality. The other
dimensions (tangible, responsiveness, assurance and empathy) appear important but reliability dominates.

Bala & Sandhu (2011) the aim of the study was to measure customers' perception towards life insurance service quality by applying a framework developed by Sureshchandar et al. (2001). Using non-probabilistic convenience sampling technique, 450 customers were approached personally at their work places and residence, which resulted in 337 usable questionnaires. Based on the qualitative research, a modified scale containing 52 items was used to measure perceived service quality. Computation of Cronbach alpha values resulted in the reduction of 52 item customer perception scale to 42 items. The performance only measure of this scale was then Factor analyzed using the Principal Component method with Varimax rotation. The findings demonstrate a seven factor construct (consisting of 34 items) representing Proficiency; Media and presentations; Physical and ethical excellence; Service delivery process and purpose; Security and dynamic operations; Credibility; and Functionality. To assess the overall effect of the instrument on service quality and to determine the relative importance of the individual dimension of the generated scale, Multiple Regression Analysis has been performed. The adjusted R2 of 0.143 (p=0.000) indicates that 14.3 percent of variance in overall service quality is predicted by the service quality dimensions. Further the results also indicate that Proficiency; Physical and ethical excellence; and Functionality appeared to be significant predictors (p < 0.05) of overall service quality.

Upadhyaya & Badlani (2011) the main objective of the study is to see the factor affecting service quality which ultimately leads to customer satisfaction of life insurance customer in India. The research design chosen for this study is descriptive research design. The questionnaire was administered through mail and in person to 300 respondents. The researcher got reply from 206 respondents (68.7%) The data was collected by using the convenience sampling technique. Statements related to service quality dimensions were based on past literature. The questionnaire developed was reviewed by professionals, experts and trained personnel in order to increase the validity and reliability of questionnaire and response. Further the questionnaire developed by the researcher was pre tested on 30 respondents. The basic dimensions were borrowed from SERVQUAL scale and additional items were incorporated making it a 34 item measurement scale. Factor Analysis helps to extract nine factors,
viz., Pricing, Employee Competence, Product & Service, Technology, Physical Appearances, Trust, Service Delivery, Advertising and Service Management from variables. Research scholar used Principal Component Analysis (PCA) method for factor extraction taking those factors only whose values are greater than 0.5 for the purpose of interpretation.

Gayathri (2005): The study focused on comparing service quality dimensions for major insurance service providers in India and to relate SERVQUAL scores with customer satisfaction. It was found that LIC score consistently lower in all the five dimensions and TATA scored high in all the dimensions. A study of correlation matrix indicates a high degree of correlation between reliability, responsiveness and empathy. To relate customer satisfaction with SERVQUAL dimensions, multiple regression equations were developed. Assurance, Empathy and Reliability are the three important dimensions, which affect the satisfaction levels on insurance companies.

Walfried et al. (2000) adopted two techniques in their study for service quality perspectives and satisfaction in different customer groups, the first was SERVQUAL and the second was a measure of technical/functional quality. In the second approach, technical quality involves what is provided while functional quality considers how it is provided. These two service quality measures were subsequently compared and contrasted as to their ability to predict customer satisfaction. The study provides initial support in favour of the idea that SERVQUAL and technical/functional quality-based models may be unequally or asymmetrically applicable across different settings and situations. The authors suggested employing both of these two measures in varying situations and contexts, as well as with different customer groups.

Wang et al. (2002) found in Chinese banks that reliability was the key drivers of the product quality & followed by tangibility. The authors argued in favour of improving service quality & product quality to build and enhance company reputation. Huseyin Arasli, Salime Mehtap-Smadi and Salih Turan Katircioglu (2005) measured the service quality perceptions of Greek Cypriot bank customers. Author found that the expectations of bank customers were not met where the largest gap was obtained in the responsiveness-empathy dimension. Charles chi cul, Barbara R. Lewis and Wan Park (2003) collected data on expectations, performance and importance measures from 153 bank customers in order to assess the measurement of service
quality in South Korean banks. Tests of SERVQUAL and SERVPERF were reported by the authors in his paper.

Mulki (2007) aimed to investigate the difference between SERVQUAL and SERVPERF’s predictive validity of service quality. Data from 17 studies containing 42 effect sizes of the relationships between SERVQUAL and SERVPERF with overall service quality (OSQ) are meta-analyzed. At the end the researcher found that Overall, SERVQUAL and SERVPERF are equally valid predictors of OSQ. Adapting the SERVQUAL scale to the measurement context improves its predictive validity; conversely, the predictive validity of SERVPERF is not improved by context adjustments.

Zanna et al. (2009), analysed the service quality of the customer contact centres of various organizations in Netherland. They modified the SERVQUAL scale and found that perceived customer contact centre quality consisted of seven dimensions: reliability, empathy, customer knowledge, customer focus, waiting cost, user friendliness of the voice response unit, and accessibility. They found that reliability empathy and accessibility of the customer contact centres played critical roles in creating a high quality perception of their centre.

Kumar lee et al., (2009) used the SERVQUAL model in a research to determine the relative importance of critical factors in delivering service quality of banks in Malaysia (Kumar et al., 2009, p.211). In this article they modified the SERVQUAL model and considered six dimensions; tangibility, reliability, responsiveness, assurance empathy and convenience and these consist of 26 statements. They considered convenience because it is an important determinant of satisfaction for banking customers in Malaysia and contributes very highly in the customers’ appreciation of the quality of services offered by the bank. The respondents are asked questions based on the 26 statements and they seek to know about their expectations and experience. They carried this study on banking customers regardless neither of which bank you use nor how you do your transactions, could be domestically, internationally among others (Kumar et al, 2009, p.215). After they carried out their study they realized that there are four critical factors; tangibility, reliability, convenience and competence. These variables had significant differences between expectations and perceptions with tangibility having the smallest gap and convenience has the largest gap. They end up with the recommendation that banks
need to be more competent in delivering their services and fulfilling the assurance of customers and providing the banking services more conveniently (Kumar et al, 2009, p.211).

Daniel Chingang (2010) in a study on assessing service quality in grocery stores in Sweden modified the SERVQUAL model by adding an additional dimension (products) to the five dimensions because products formed a core dimension for consumers shopping in grocery stores in order to assess service quality customer satisfaction. The implications of using this model in assessing service quality and customer satisfaction from the consumer's perspective included knowing about customers' perceptions on service quality and improving quality management by identifying areas that have weaknesses in terms of satisfying customers' needs. Theoretically, the researcher found that SERVQUAL model was not the best tool to use measure service quality in grocery stores because the dimensions did not best measure the construct in that context. Practical implications suggested that grocery stores in Sweden were not providing the level of service quality demanded by customers.

Yaghi Derar Shaker (2010) measured the retail service quality in a college shop. This scale was modified as the retail service quality scale (RSQS) to make it more contexts specific and culturally sensitive for the retail college shop (Al Waha) at Dubai Women's College. It also explores the relationship between the new retail service quality dimensions and overall service quality. The new modified scale (Al Waha scale) resulted in 22 items across four dimensions: interaction quality, physical aspects, policy and understanding and caring which was a new dimension. The most frequently used scale to measure retail service quality in shops was the retail service quality scale (RSQS) which was developed as an alternative to the SERVQUAL (Wong & Sohal, 2002). The scale was similar to SERVPERF in that it measured the perception of service quality once unlike the SERVQUAL that used the scale twice, once to measure the expected service quality and once to measure the perceived service quality. Shahin (2010) used the SERVQUAL model in the four stars hotels in Iran and found out that competence and courtesy combined with assurance where most important attributes influencing the perception of quality. Hence, service quality plays a critical role in adding value to the overall service experience.
In the study of service quality in the banking sector, Mukesh Kumar, Fong Tai Kee, Vincent Charles (2010) aimed to find the differences in the service quality between two types of banks, namely conventional and Islamic, in terms of common critical factors after re-examining the SERVQUAL model. The researcher surveyed 308 bank customers from both Islamic and conventional banks from different parts of Malaysia. From survey results author found that the expectations on competence and convenience are significantly different between conventional banks and Islamic banks.

Angur et al (1999) examined the applicability of alternative service quality measure in the Retail Banking industry in India. They conducted their research on the consumers of two major banks in India. They use SERVQUAL model to measure the overall service quality. They found that all the dimensions are not equally important in explaining variance in overall service quality. The result indicated that responsiveness and reliability seem to be the most important dimensions followed by the empathy and tangible dimensions; whereas, assurance appears to be the least important dimension. Finally, they concluded that SERVQUAL is the best measure of service quality in banking industry.

Debasish (2002) carried out comparative analysis of the level of service quality across public, private and foreign banks in Delhi. The author used Rust and Oliver's (1994) three-component model of service quality namely technical (TQ), environment (EQ) dimensions and functional quality (FQ) dimensions. The study revealed that the foreign banks provide better service quality as compared to private and public sector banks. Citibank, ICICI bank and State Bank of India (SBI) were perceived to provide better services in their respective banking sectors.

Prabhakaran and Satya (2003) argued in favour of process of service quality in banks. They found that the borrowers were not only concerned with the money they get as a loan but they were also keen about how they get it. They also found that, the five dimensions viz. tangibility, assurance, reliability, responsiveness and empathy were closely related to each other and overall service quality.

Sureshchander et al. (2003) conceptualized service quality as a multidimensional construct having five dimensions namely, core service (content of the service), service delivery (human elements such as reliability, responsiveness,
assurance, empathy, moment of truth and critical incident and recovery) non-human element (process, procedures, systems and technology) tangibles (equipment, machinery, signage and employee appearance, and social responsibility (well-being of society). The results have shown significant different between service quality offered by public, private and foreign banks regarding all the five factors of service quality. Technological factor was found to be contributing more than human elements. These banks were using these as tools of differentiation. Further, the authors found that foreign banks are performing best, followed by private sector banks and public sector banks.

Jain and Gupta (2004) in a study of the consumers of fast food restaurants in Delhi, found the SERVPERF scale to be providing a more convergent and valid explanation of service quality construct. Though they found SERVQUAL efficient in diagnostic power, they still preferred the SERVPERF scale because of its psychometric soundness and greater instrument parsimoniousness. They suggested that one should employ the SERVPERF scale for assessing overall service quality of a firm. Further, The SERVPERF scale should also be the preferred research instrument when one is interested in undertaking service quality comparisons across service industries.

Negi, (2009, p.31-38) used the model to determine customer satisfaction through perceived quality in the Telecommunication industry and found out that reliability, empathy and network quality proved to significantly effective in contributing to overall service quality and overall customer satisfaction with mobile services.

Dutta K and Dutta A (2009) intended to study the expectations and perceptions of the consumers across the three banking sectors in India and then related it to financial performance of the Banks. To explore the customers’ perception of service quality the researcher surveyed 263 respondents across the three banking sectors. From survey results the author found that in the banking sector it is the foreign banks which are perceived to offer better quality of services followed by the private and then public banks. It was also found that these perceptions are reflected in the financial performance of the banks also. Riadh Ladhari (2008) aimed to identify the key conceptual and empirical issues that should be considered in the development
of alternative industry-specific measurement scales of service quality (other than SERVQUAL).

Rai (2009) identified tangibility (seating, lighting, signage, and parking) competence (Knowledge and ability), responsiveness (willingness and adherence), safety (confidence), communication (content and quality) and understanding customers (approach towards customer) as important dimensions of service quality. Pal and Choudhury (2009) found out four dimensions of service quality namely customer-orientedness (prompt service, courtesy, knowledge, operating hours, personal attention, ability to understand) competence (responsiveness, right service, dependability, service timing, safety), tangibles (physical facilities and materials) and convenience (branch location and ATM location).

Kumar and Mani (2010) undertook a study involving 22 item of SERVQUAL with additional 4 items relating to the dimension of convenience. The response was taken related to expectations and perceptions of the customer. The analysis has shown service quality consisted of four dimensions involving tangibility, reliability, convenience and competence. Competence and convenience were found to be relatively dominating factor as compared to tangibility and reliability. These two dimensions were found to be reducing 72 percent of overall service quality gap.

3.2 SERVICE QUALITY AND CUSTOMER SATISFACTION

Many studies have linked service quality with customer satisfaction (Curry & Sinclair, 2002; van der Wal, Pampallis & Bond, 2002; Nadiri & Hussain, 2005); if services rendered meet the customer’s expectations, then this leads to customer satisfaction and the opposite leads to customer dissatisfaction (Curry & Sinclair, 2002).

Su et al., (2002, p.372) carried a study to find out the link between service quality and customer satisfaction, from their study, they came up with the conclusion that, there exist a great dependency between both constructs and that an increase in one is likely to lead to an increase in another. Also, they pointed out that service quality is more abstract than customer satisfaction because, customer satisfaction reflects the customer’s feelings about many encounters and experiences with service firm while service quality may be affected by perceptions of value (benefit relative to cost) or by the experiences of others that may not be as good.
Jamal and Naser (2003) stated that service quality is the antecedent of customer satisfaction. However, they found that there is no important relationship between customer satisfaction and tangible aspects of service environment. This finding is contrasted with previous research by Wakefield and Blodgett (1996), but supported by Parasuraman et al (1991). Most of the researchers found that service quality is the antecedent of customer satisfaction (Bedi, 2010; Kassim and Abdullah, 2010; Kumar et al., 2010; Naeem and Saif 2009; Balaji, 2009; Lee and Hwan, 2005; Athanassopoulos and Iliakopoulos, 2003; Parasuraman et al 1988). Yee et al (2010) found that service quality has a positive influence on customer satisfaction.

Fen & Lian, (2007) found that both service quality and customer satisfaction have a positive effect on customer’s re-patronage intentions showing that both service quality and customer satisfaction have a crucial role to play in the success and survival of any business in the competitive market. This study proved a close link between service quality and customer satisfaction.

Devlin (2001) pointed out that “customers perceive very little difference in the services offered by retail organizations and any new offering is quickly matched by competitors.” Lee et al. (2000, p. 226), examined the relationship between service quality and customer satisfaction within the retail department store context and found out that; “service quality influences relative attitude and satisfaction within department stores.” (Sivadas & Baker-Prewitt 2000, p. 73-82). Since service quality is following all aspect of business, Kuo, (2003) conducted a research on service quality of virtual community websites among college students of three major universities in Taiwan and found that the service quality levels relate to customer satisfaction.

Pathak and Singh (2003) examined the effect of entry of private players into the insurance sector. A study was conducted of the various marketing strategies adopted by LIC, its strengths and weaknesses. The main objectives of the study were to carry out SWOT analysis of LIC to help it in designing new market strategies and to help increase the market share of LIC by suggesting measures for increasing competitiveness. A survey of 100 policy holders of LIC was conducted to determine the customers’ perceptions and expectations towards LIC. A survey of 60 agents was also conducted to prepare new and effective marketing strategies, to increase market share and to improve customer satisfaction by improving quality of services. It was concluded that although the insurance companies were spending a lot of money on
advertisement but not enough money was being allocated for research and
development of new products. It was also suggested that agent’s pre recruitment
training must be ensured to provide efficient and effective customer services.

Durvasula et al. (2004) studied the extent to which service quality was linked
to satisfaction, value and behavioral outcomes. This research was based on the use of
two different models to study the relationship between service quality, customer
satisfaction, and perceived value, repurchase intention and willingness to recommend
to others. The life insurance industry was chosen as the industry for investigation
since the authors found it to be a pure service with little tangibility and high
credibility. The data for the study was collected in Singapore. The results of path
analysis suggested that service quality had an indirect relationship with behavioral
outcome measures via satisfaction and value. The study found that satisfaction was
positively associated with customers' re-purchase intentions but its relationship with
customers' willingness to recommend to others was relatively weak. This finding was
found to be instrumental in understanding customer behavior as word-of-mouth was
previously found to have significant influence on customers' purchase decisions.

Jawaharlal and Pareek (2004) in their study examined the importance of
having efficient customer services in the life insurance industry. Due to severe
competition in the insurance industry, it was found that the life insurance providers
were creating new strategies to improve service quality. To improve the service
quality, certain areas had to be considered. These included analyzing the need for
having a policy, giving advice to lapse the policy, suggesting nomination methods,
transferring of policies etc. The major lack in service quality was found at the time of
claim settlement. The main reason for lack of quality service was lack of education
and training of customers, agents, brokers etc.

Vanniarajan and Jeyakumaran (2007a) attempted to identify the various
quality factors among the insurers and their impact on the overall attitude towards
insurers in the public and private players in the life insurance market. The data was
collected from 250 customers from LIC and 20 each from each private player using
pre-structured questionnaire from Madurai district. They identified a total of 50
dimensions of service quality and rated them on a five point scale. The factor analysis
based on the score of these 50 service quality variables lead to nine important service
quality factors namely distribution network, product, responsiveness, customer
relationship management, empathy, brand building, promotion and tangibles. The SERVPERF score of the service quality factor has been calculated for both the consumers of public and private players. Seven statements were drawn from the review to measure the overall attitude towards insurers. The perception on the overall attitude on the insurer was summated with the help of an index called the Overall Attitude Index.

Vanniarajan and Jeyakumaran (2007b) analyzed the change in the service sector brought about by the globalization and liberalization. In the insurance sector, the change has been because of the entry of private companies. The study attempted to identify the various service quality factors among the insurers and also the discriminate service quality factors among the public and private players especially in life insurance market. The Life Insurance Corporation (LIC) and nine private insurance players were selected for the study. In total 250 customers from LIC and 20 each customers from each private players were selected to examine the objectives of the study. A pre structured questionnaire was used to collect the data. The study concluded that the important service quality factors in the life insurance market were Distribution Network, Product, Responsiveness, Reliability, Customer Relationship Management, Empathy, Brand Building, Promotion and Tangibles. The identified discriminate service quality factors among the public and private players were Distribution Network, Product and Reliability. The study suggested that the success of the companies in the market rest on the availability of customized product and also the service quality offered to customers. Also, the future growth of the companies depended upon its service and service quality to the customers. So, the insurance companies should evaluate their services and identify their distinction from others.

Ahmad and Sungip (2008) in their paper evaluated the customers’ general expectation and perception of insurers in terms of services offered at the insurance service counter (ISC) using the relationship between the demographic factors and SERVQUAL mean score. Data was collected using structured questionnaires from 319 respondents living in areas in Kuala Lumpur and Selangor. The results showed a huge gap between customers’ perception and expectation for reliability, responsiveness and empathy. Out of these, reliability showed the highest gap. Also, though the dimensions such as tangibility, responsiveness, assurance and empathy were found to be important measures for service quality, but reliability emerged as the
most critical determinant of SERVQUAL measure for service quality. The authors conclude that for an insurance company to survive in the competing environment in Malaysia, they must improve customer service and quality efforts so that it improves reliability. So, the challenge identified for insurance sector in Malaysia was to meet customer expectations for faster, better service in the face of rising cost and increasing price competition and to bring innovative solutions to client while making them realize the value of those services provided.

Gilbert, *et. al.*, 2004 found that relational and core features of bank’s quality of service appeared to be linked to customer satisfaction. The perspective proposes that satisfied customers made favourable quality judgments about services, because such customers’ judge things in higher quality due to positive affect they have experienced.

Karatepe, *et. al.*, (2005) analysed that the customers of retail banks with favourable perceptions of service quality had higher satisfaction. Huseyin Arasli, *et. al.*, (2005) pointed out that reliability dimension of SERVQUAL had the highest impact on customer satisfaction in Greek Cypriot banking industry, whereas reliability was not related to customer satisfaction, found by Chaniotakis and Lymperopoulos (2009). Although there are empirical studies which demonstrated that customer satisfaction completely mediates the relationship of service quality (Ibánez. *et. al.*, 2006; Lanka, *et. al.*, 2009).

Mohammed.et. al (2006) found a strong, statistically significant relation between the customer's satisfaction and the banking service quality provided. He also concluded that the customers' continuation in dealing with banks and being more loyal to these banks basically depended on their assessment of the service quality provided. He also indicated the necessity to understand the client's expectations in order to provide a better banking service to them and made them feel satisfied. Awwad (2006) noted that there was a set of dimensions that influenced customers' satisfaction such as care, credibility, assurance and security. The more credibility customers had in the service and its speed and accuracy, the more satisfied they would get.

In the study of service quality in the banking sector in Turkish banking, Yavas *et. al.* (2005) employed a multi-stage, multi-phase, and multi-sample approach to
study service quality scale. Customer perceptions of service quality of retail banks in Northern Cyprus serve as the study setting. In another paper (Yavas et al., 2004) he has examined the nature of relationships between service quality, and satisfaction by using retail banking in Germany. He found from his research that “timeliness” aspects of service delivery are more closely related to customer satisfaction.

Hossain and Leo (2009) emphasised that banks had to care about the quality of their services since this quality was considered the essence of customer satisfaction. Bei and Chiao (2006) found the consequence of perceived service quality on satisfaction between the Taiwanese bank customers. Such results were also reported for the customers of retail banks in Iran (Mosahab, et. al., 2010). Malik, et. al. (2011)

Ahmed et al., (2010) conducted a mediation of customer satisfaction relationship with service quality for the telecom sector among university students, with SERVQUAL model’s 5 dimensions (tangibles, responsiveness, empathy, assurance and reliability) by Parasuraman et al. (1988) to measure service quality. To confirm the fact researchers are still working on customer satisfaction especially on its relationship with service quality.

Titko and Lace (2009) states that the competitive power and survival of a bank lies in the degree of customer satisfaction and therefore banks should pay attention to customer satisfaction. Sulieman (2011) suggest service quality leads to customer satisfaction. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction. As service quality improves, the probability of customer satisfaction increases. Quality was only one of many dimensions on which satisfaction was based; satisfaction was also one potential influence on future quality perceptions.

Ekaterina Makeeva (2010) carried out a study in order to find out the level of satisfaction of Russian customers with the services, provided by Restel chain of hotels. It was found that Russian customers’ perceptions and level of satisfaction were highly correlated and paved a way for establishing and assuring long term relationships. Agbor 2011 in a study of the service quality of Umea University reported significant relationship between service quality and customer satisfaction. It was found that service quality dimension varies in the different service sectors. The
study showed distinctive results for the relationship between service quality dimensions and service quality/customer satisfaction. It was found that the reliability and empathy were significantly related to customer satisfaction but responsiveness was not significantly related to customer satisfaction; meanwhile overall service quality was significantly related to customer satisfaction. The findings suggested that to provide quality service in order to satisfy customers, organizations in service sectors need to improve on the dimensions of service quality.

Hazlina et al., 2011 found that service quality is an important tool to measure customer satisfaction. Empirical studies show that the quality of service offered is related to overall satisfaction of the customer. According to Jamal and Anastasiadou (2009), reliability, tangibility and empathy positively related with customer satisfaction, with tangibility appearing as the strongest predictor of satisfaction, closely followed by reliability. However, responsiveness did not contribute significantly towards satisfaction.

Sulieman (2011) found that reliability, tangibility, responsiveness and assurance have significant and positive relationship with customer satisfaction. Meanwhile empathy was found to have a significant and negative effect on customer satisfaction moreover, the result of Ravichandran et al (2010) indicates responsiveness is the only significant dimension of service quality that affects the satisfaction of customers.

Saghier and Nathan (2013) investigated the quality perception of bank customers in Egypt and the differences in relative importance they attach to the various quality dimensions using the SERVQUAL model. The research found that Customer Satisfaction in the Egyptian banking services is significantly affected by Reliability, Empathy, Assurance and Responsiveness, while the effect of the dimension of Tangibility does not have any significant impact on customer satisfaction. It also indicated that customers' perception was highest in the reliability area. This result showed consistency with Parasuraman et al. (1985, 1988) and Yang et al., (2004) and lowest in the assurance area.

Mishra and Jain (2006-07), Jham V & Kaleem Mohd Khan, (2008), conducted a study on Customer Satisfaction in the Indian Banking Sector, among five Indian banks, aimed at identifying customer satisfaction variables which lead to relationship...
building, and developing a conceptual framework of relationship marketing practices in Indian banks by capturing the perspectives of customers with respect to their satisfaction with various services (Khatri & Ahuja (2008).

Sarin and Anil (2007) studied the four distinguishing characteristics of services - intangibility, inseparability, heterogeneity and perishability and how it effects clients' perceptions of quality service from banks. The study revealed that intensifying competition and increasing customer expectations have created a climate where quality is considered to be a major strategic variable for improving customer satisfaction and thereby contributing to the profitability of financial service providers. They recommended that manpower in service organizations must work with the focus of satisfying the customer. The study results strongly highlighted the fact that customer satisfaction is positively affected by the service quality of the provider.

According to Negi, (2009, p.33), the idea of linking service quality and customer satisfaction has existed for a long time. He carried a study to investigate the relevance of customer-perceived service quality in determining customer overall satisfaction in the context of mobile services (telecommunication) and he found out that reliability and network quality (an additional factor) are the key factors in evaluating overall service quality but also highlighted that tangibles, empathy and assurance should not be neglected when evaluating perceived service quality and customer satisfaction. This study was based only on a specific service industry (mobile service) and it was found very important to identify and evaluate those factors which contribute significantly to determination of customer-perceived service quality and overall satisfaction.

Mengi (2009) found that responsiveness and assurance were important factor for customer satisfaction whereas, Kumar, et. al., (2010) found that assurance, empathy and tangibles were the important factor and on the other hand Ahmed, et. al., (2010) found out that empathy was negatively related to customer satisfaction.

Dutta and Dutta, 2009 observed that Customer expectations are higher than perceptions and this gap varies across the banking sector with tangibility having the highest impact on overall customer satisfaction. (Vanpariya and Ganguly, 2010) examined that service quality is having a positive and significant correlation with customer satisfaction, positive word of mouth and loyalty intention.
Bedi (2010) indicated difference in customer perception of service quality in public and private sector banks. In majority of the factors, private sector banks were perceived to have high service quality. Private sector banks were found to be more satisfied than public sector bank customer. High propensity to switch was found in public sector bank customers than private sector bank customers. Product convenience, assurance, reliability, responsiveness and product availability were identified as predictors of customer satisfaction in private sector banks whereas responsiveness, product convenience, assurance, reliability and empathy were found as significant predictors in public sector banks.

Mohammad and Alhamadani (2011) found that tangibles, reliability, responsiveness, assurance and empathy had significant influence on customer satisfaction and also concluded that the service quality was an important antecedent of customer satisfaction. Dharmalingam et al., 2011 stated that all the service quality attributes are positively correlated with customer satisfaction. (Gopalakrishnan et al., 2011) determined that Service quality and customer satisfaction had a direct positive effect on customer’s retention intentions out of which Customer satisfaction is a stronger predictor for retention. Brahmbhatt and Panelia(2011) attempted to measure and compare service quality and customer satisfaction among private, public and foreign banks in Gujarat. They found that both core and relational dimensions of service quality appear to be linked to customer satisfaction.

Arora and Jain (2011) investigated the various dimensions of service quality and how these dimensions determined customer satisfaction in Indian banking sector using Service performance (Servperf) model. They found reliability and assurance as major predictors to satisfaction. Furthermore, tangibility, empathy and responsiveness were not found as important factors impacting satisfaction. These results corresponded to the findings of Lianxi and Zhou (2004); Gill, Flaschner and Shachar (2006) Yavas et al (2004) and Kantsperger and Kunz (2010) which stated that responsiveness and empathy were not significant predictors of satisfaction as compared to reliability and assurance.

Lohani and Bhatia 2012 found that Service quality plays a major role in getting customer satisfaction. Banks are trying hard to win customer satisfaction by providing better quality services. This study compares customers' perceptions of service quality of both public and private banks of India. Private bank customers are
more committed and satisfied as they receive better quality of service. The study implies that public sector banks should also come forward and try their best to provide better quality service to win back their customers.

Ragavan and Mageh (2013) observed that service quality is a significant influencer of overall customer satisfaction and service quality dimensions are the basic factors that affect overall customer satisfaction. It was found apparent that focusing on delivering high quality services and improve service quality effectively was critical for customer satisfaction. Aggarwal J. (2012) found that customer is looking for better quality services which enhance their satisfaction. Further it was concluded that public sector banks fall much below the perceptions of their customers on all dimensions of service quality. Private banks on the other hand are exceeding the perceptions of their customers.

Anand and Selvaraj (2012) observed that there is a significant association found between all the Service quality factors and the customer satisfaction as well as with demographic factors. While analyzing the antecedents of Customer satisfaction factors like Responsiveness, Reliability and Empathy were significantly influenced. Gera (2011) investigated the link between service quality, value, satisfaction and behavioural intentions in a public sector bank in India and one of their results stated that “Service quality was found to significantly impact customer satisfaction and value perceptions” (Gera, 2011, p. 2-20).

3.3 DEMOGRAPHIC FACTORS AS MODERATORS OF SERVICE QUALITY AND CUSTOMER SATISFACTION

Demographic information allows researchers to obtain characteristics of their sample therefore making the classification of the data more meaningful (Elanain, 2003). Demographic information such as age, gender and education level need to be examined when measuring service quality in retailing; in order to discover the relationship between demographic information and dimensions (Siu & Cheung, 2001). According to Ganesan-Lim, Russell-Bennett & Dagger (2008) it is important to understand the relationship between the customer’s perception of service quality and demographic information such as age, gender and income level. This information is useful for ensuring there are suitable products available for the target market. Ganesan-Lim, Russell-Bennett & Dagger (2008) hypothesised that service quality
dimensions are different depending on the age, gender and income level of customers; however only age was found to have a relationship with service quality dimensions.

Research suggests that demographics do have an effect on some service quality dimensions such as the reliability dimension (Paulins, 2005). According to Meng et al (2009) demographic information shows that customers with different demographic characteristics have different perceptions of service quality.

There is little attention given to gender based research concerned with perceived service quality (Snipes, Thomson & Oswald, 2006). Gender is important in the Arab world, for instance females prefer to go to banks that have dedicated female branches. Other research supports the need to have banks that are in line with the social and religion values of the customer (Jabnoun & Khalifa, 2005). Women-only branches are preferred because they are in line with social and religious values for some customers. In a study by Ganesan-Lim, Russell-Bennet and Digger (2008) they found no differences in the perception of service quality based on gender. However, there were gender differences in the physical appearance and personal interaction dimension in a retail study in Hong Kong (Siu & Cheung, 2001). Other studies found that there are differences in shopping behaviour when it involves gender (Foucault & Scheufele, 2002).

Spathis et al. (2004) studied the service quality of Greek banks on the basis of customers' perceptions. They also analysed effects of gender on customers' perception of service quality dimensions such as effectiveness and assurance, access, price, tangibles, service portfolio and reliability. The results found that male customers had a more positive perception of the quality of service than females had. For men, effectiveness and reliability ranked highest, with assurance ranked second. Whereas, for women, price ranked first and access ranked second service expectation.

Bryant et al. (1996) conducted a study on 400 companies using the American Customer Satisfaction Index (ACSI) and demonstrated that there is significant relationship and consistent differences in the levels of satisfaction among demographic groups: Gender – positively related to satisfaction and female customers are more satisfied than the male customers. Female of all ages are more satisfied than the male. Women are more involved with the process of purchase and possibly use the mobile phone more for relational purposes (social network device) while men use it
for functional purposes (businesses, sales, etc.). Age—positively related to satisfaction but the relationship is not a straight line. Satisfaction increases with age. The major increase in satisfaction is seen within the age 55 and over. Income – the higher the income, the lower the satisfaction level. Location (type of area) – positively related to satisfaction. Customers living within metropolitan areas (central city and suburban areas) are less satisfied than those customers in non-metropolitan areas.

Palvia and Palvia (1999) found out that age is a significant determinant of satisfaction with information technology industry. Oyewole (2001) in his research on customer satisfaction with airline services reported also that gender, occupation, education, and marital status have significant influence on customer satisfaction, while age and household income had no significant influence.

Homburg and Giering (2001) conducted a study on German car manufacturers using LISREL notation and demonstrated that it is important to study demographic variables as determinants of customer behaviours. The results of their study showed that gender has significant moderating effect on satisfaction-loyalty relationship. Women are satisfied with sales process while men are satisfied with the impact of the product. Age showed a positive moderating effect and income had moderating influence with high income showing weaker effect and low income, high effect.

Jessie and Sheila (2001) in their empirical work on patients’ assessment of satisfaction and quality using factor analysis and regression, reported that age, beneficiary group, location, rank, service affiliation, education, marital status, race, gender, health status and number of visits (sociodemographic variables) have minimal influence on satisfaction.

Ahmad and Kamal (2002) conducted a study on a commercial bank using a stepwise regression and demonstrated that there is negative significance between age and satisfaction. When age goes up, satisfaction levels are likely to go down. However, occupation and income levels are positively related to satisfaction. Lightner (2003) in his study on online experience using regression expressed that age is an important factor in determining satisfaction levels and technology perceptions. VanAmburg (2004) conducted a study on 200 companies using the American Customer Satisfaction Index (ACSI) and demonstrated that age has a significant effect
on satisfaction. Younger age groups are less satisfied than older age groups across all products and services industries.

Venn and Fone (2005) conducted a study on patient satisfaction with general practitioner services in Wales using logistic regression and reported that satisfaction varied with age, gender, employment status, and marital status. The results obtained indicated that higher satisfaction is significantly related with increasing age, female gender, unemployed (those at home, disabled and retired), and married patients. However, unemployed - students and those seeking work, reported lower satisfaction.

Turel and Serenko (2006) in their study on customer satisfaction with mobile services in Canada using ACSI reported that age has a significant influence on customer satisfaction and lower satisfaction level is found among young adults.

Rocha, Hammond & Hawkins, 2005 state that the service organizations must consider age differences when studying consumer behaviour because there are differences in choices depending on the age of the consumer. Age is a crucial factor which retail organizations. Usually people in the same age group display similar shopping behaviour and this information is important to retailers to understand more about their market (Ogden & Ogden, 2005). Furthermore, one of the problems facing retailers these days is coping with an aging population which means they must adapt to the changes in the age of their consumers (Varley & Rafiq, 2004). In a study by Straughan & Albers-Miller (2001) no relationship between age and domestic store loyalty was found, which suggests that loyalty strategies do not need to be altered based on age differences. A different study found that age has a big influence on the perception of service quality (Ganesan-Lim, Russell-Bennett & Dagger, 2008; Kumar & Lim, 2008). There were also age differences in some of the retail dimension in study in Hong Kong (Siu & Cheung, 2001). According to Homburg & Giering (2001) there is a relationship between age and service quality dimensions. Galloway and Blanchard (1996) in their study established the relationship between service quality and customer satisfaction in retail banking .They argued that age & life stage had its affect on perceptions of service quality .Youth wishes to be treated properly by the staff but found to be mainly interested in cash from cash machines.

According to Ogden & Ogden (2005) the most important demographic information is 'marital status' because it shows if customers are buying for themselves.
for a spouse, or a family with children. The independent/single was somewhat more concerned with the nature and quality of the interaction with the bank. The customers with family were more concerned with privacy and the issues of personal treatment.

Knowing customers’ income is another important factor that needs to be considered because customers that have different levels of income might prefer to buy different products or services (Ogden & Ogden, 2005). Customers with high income might favour retailers with high levels of service quality while customers with low incomes might be more tolerant to lower levels of service quality (Sum & Hui, 2009). Also, there were income level differences in the physical appearance and promises dimension in a retail study in Hong Kong (Siu & Cheung, 2001).

A study by Kim & Jin (2002), looked at the number of visits the customers made to their preferred discount shop in Korea and USA, but there were no further analyses made to find any correlations between the number of visits and the different dimensions. Income has a relationship with purchasing decisions, thus high income customers gather information prior to buying a product and this may have an influence on satisfaction (Homburg & Giering, 2001). According to Meng et al. (2009) consumers shop at different stores based on their income level which indicates that there might be differences in the perception of service quality based on income level.

Education level is an important demographic information because as customers become more educated they demand different products and different levels of service (Kent & Omar, 2003). Kotler & Armstrong (2010) suggest there has been an increase in educated people in the United States and this leads to an increase in the demand for quality products.

From the above discussion it is clear that gender, age, marital status, income and education level could have an effect on service quality dimensions. Various studies found that there are differences in shopping behavior when it involves age and gender; however education level and income are more important indicators of shopping behavior (Foucault & Scheufele, 2002).

From this literature review, it is suggested that consumers differ in behaviors and attitudes and one of the factors responsible for this difference is demographics. It is therefore necessary to investigate the moderating effect of demographic factors.
(age, gender, income, educational background, profession and marital status) on the relationship between service quality and customer satisfaction.

3.4 NEED FOR THE STUDY

In the Indian context, though studies have been conducted on service quality and customer satisfaction only a very few studies have tested the service quality dimensions directly to see if it is related to customer satisfaction (Gera, 2011), thus, there was a need to test the direct relationship between each of the service quality dimensions and customer satisfaction. The moderating effect of the demographic factors on the service quality and customer satisfaction that too in the Indian Life Insurance sector needed more exploration. This study seeks to fill these gaps in the literature and to explore how the customers of the public and the private sectors insurers perceive the various dimensions of service quality. Then relating it to customer satisfaction and finally finding out significant difference between the perceptions of the public and the private sector life insurance customers with respect to service quality and customer satisfaction. The moderating effect of various demographic factors on each of the service quality dimensions and the overall customer satisfaction is also explored in the study.
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