ABSTRACT

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

It is seen from the sequence of earlier research work in fiscal service organization, the relationship between Service Quality, Customer Satisfaction and Loyalty has been studied only in commercial banks encompassing public sector, private sector banks and foreign banks with various results. But no such direct study was done so far in connection with evaluation of service quality and its impact on satisfaction and loyalty in India’s Post office savings banking sector. This is the major gap actually identified and this study put forth an attempt in evaluating the service quality and its impact on customer satisfaction and loyalty in the above sector through SERVQUAL model.
A research model has been developed to study the impact of service quality on customer satisfaction and loyalty in India’s Post Office savings banking sector. The objective of the study is restrained to 1) Evaluate the impact of service quality on customer satisfaction and loyalty 2) Find the service quality gap between expectation and perception of customer towards SERVQUAL dimensions 3) Analyze the association between the demographic profiles of the customers with the service quality factors of SERVQUAL for expectation and perception 4) Analyze the association between the demographic profiles with overall service quality 5) Analyze the association between the demographic profiles with the customer satisfaction and loyalty 6) Propose a model to evaluate the impact of service quality factors of SERVQUAL on customer satisfaction and loyalty.

The research design of the present study is descriptive in nature and confined to Salem district of Tamilnadu. A total of 550 respondents are considered on convenience sampling method from all the branches of the India’s post office savings banking sector in the above jurisdiction and the opinion of the customers regarding perceived service quality, satisfaction and loyalty are assessed through the self-administered questionnaire which has four parts compiled based on the objectives of the study and measured with 5 point Likert scale ranging of 1- Strongly disagree to 5- Strongly agree. Out of the above sample, only 482 questionnaires are returned and found to be in reusable level resulting in a response rate of 87.64 percent. Confirmatory factor analysis using Structural Equation Modeling, Percentage Analysis, Discriminant factor analysis, One-way ANOVA, Paired sample ‘t’ test,
Correlation Analysis and Multiple Regression analysis have been executed for Data Analysis.

The findings of the research work reflected that the foremost gender among the prevailing group of respondents is Male and dominant status of area of residence is Rural only. The dominant designation is found to be self employed and business and the monthly income of most of the respondents are found to be ₹ 5000/- to 10000/=. It is also noticed that most of the respondents are visiting post office once in a month.

This research work has identified several contributions to understand the impact of service quality on customer satisfaction and loyalty in India’s Post savings banking sector. The Structural Equation Modeling established moderate level of model fit with the result that the Service Quality has a positive direct relationship with Customer Satisfaction. It is also revealed from the result of direct and indirect effect of constructs that service quality has less direct effect on customer loyalty where as when it is mediated through, Customer Satisfaction, it is found to have more positive effect on Customer Loyalty.

Out of all service quality dimensions, large service quality gap is found with “Competence” factor and least gap with „Reliability” of SERVQUAL scale. There exists a significant difference between the customer expectation and customer perception on service quality dimensions except „Reliability”.
The findings of Discriminant factor analysis between male and female respondents made known that the maximum discrimination existing with „Competence” factor on the perception level of service quality and for the rest of the factors, only 20% discrimination is found. For the Expectation level of service quality, it is revealed that most of the factors contributing less than 10% discrimination between Male and Female respondents considered in this study.

It is also noted that there is a significant association found between the Service quality factors in terms of expectation as well as perception and the demographic profile of the customers. The findings of correlation results show that all the service quality factors are positively correlated and having highest correlation between Responsiveness and Assurance followed by Empathy in both expectation as well as perception of level of service quality. The findings of Multiple Regression analysis also proved that a unit increase in Service quality factors increases Customer satisfaction and Loyalty to the extent 54.6% of and 44.3% respectively.

The Managerial implications, limitations and Scope for future research have been discussed elaborately so as to improve the service quality by creating innovative ideas so that better quality in service can be delivered and “Zero deflection of customers” can be achieved with more profit to the organization.