CHAPTER SEVEN

FINDINGS FROM PREVIOUS STUDIES

Introduction

This study is done to find out and measure the perceived service quality of the Private, Public banking and Co-operative sector banks to identify if there are pertinent differences between the different types of banks in terms of customer perceptions of quality of service. Also employee perceptions in these banks were also measured.

Brief Review of findings from previous studies

Evidence from various studies says that private banks are better than public banks with respect to quality of quality of service and their levels (Kangis and Voukelatos, 1997; Bei and Shang, 2006). However, the existing literature extensively supported the idea of conducting research into the topic of service quality in different environmental circumstances.

This study on banking service quality has been dominated by research aimed at measuring the quality of service which is perceived by the customers of the private, public banking and co-operative sectors. The study used a modified Banking Servicer Quality scale which was originally developed by Bahia and Nantel (2000).

It was proved within the literature that these six service quality dimensions are valid and suitable for the efficient measurement of quality of service within the banking environment (Glaveli et al., 2006; Petridou et al., 2007; Spathis, Petridou and Glaveli, 2004). After the pilot study, BSQ scale was slightly amended; basically, the alterations entailed rewording some of the scale items.
Brief review of research theoretical background

The secondary data on quality of service have given different and varied models originating from different intellectuals who have contributed to the research work in this area. Chapter Two of this research and literature review chapter reviewed some of these models.

It was identified that within the secondary data in this research, quality of service and its models have helped in identification of the concept of service quality in a better fashion. Overall, the theoretical framework of service quality can be described through two thought processes of service quality models. These processes can be taken as school of thoughts and they are North American School (Gap Analysis Model) and Nordic School.

- **The North American Gap School:** This model is the most widely reported theoretical framework of service quality and it was suggested by Parasuraman, Zeithaml and Berry (1985). Gap Analysis Model identifies a set of gaps that exist relating to thinking about quality of service from the point of view of executives and how the services can be delivered effectively to the customers. According to their view, service quality gaps are measured by the difference between the two scores-performance-minus-expectations (P-E).

- **The Nordic School:** This model was developed by Gronroos (1984). Here, service quality is conceptualized as the result of a comparison between expected service and perceived service. Gronroos says that quality of service which is perceived is connected to the technical and functional dimensions. Technical dimension refers to what a consumer perceived during the service delivery, while functional dimension refers to how information technology quality is transferred to the customers.

The two models were integrated later into one model which is Hierarchical model. This model was developed by Brady and Cronin (2001), and they concluded in their model that client employee relationship, environment in which service is given and outcome efficiency determine perceived service quality.
Within this model it was supported that quality of service is having different dimensions and lot of different constructs are there for the same. For each dimension there are three sub-dimensions which form the perception of that dimension.

Overall service quality perception is affected by the combined perception of quality of relationship with the employees, quality of appearance of the bank and its physical environment y and outcome quality

All these three models share a common aspect in that they propose a multidimensional service quality conceptualization which was originally linked to the measurement of customer perceptions of service quality.

It can therefore be argued that Quality models offer a framework for understanding the concept of quality of service as well as how service quality can be measured through each proposed conceptualization.

More recently, marketing literature has offered another classification of service quality models as Martinez and Martinez's (2010) work has classified quality models into three distinct groups, showing their conceptualization:

- **Multidimensional reflective model**: This model tells that the factors which are taken for service quality vary. Similarly, these factors result in variations in their respective sub dimensions.
- **Multidimensional formative models**: SERVQUAL model and SERVPERF model are the most important models which are the best examples of models. These models proposed that perceived service quality is derived from dimensions.
- **Multidimensional formative-reflective model**: This kind of model includes
different approaches like formative and reflective methods where service quality is built by the important primary factors. These dimensions are reflected by several subdimensions which act as indicators of the dimensions (e.g. hierarchal model). Furthermore, additional items can be added to measure the dimensions and subdimensions. In an effort to conceptualize service quality (by taking into account the aspects of customer-perceived service quality including those related to banking), Bahia and Nantel (2000) modified SERVQUAL model. They identified six factors of service quality as referred to above in order to form the BSQ instrument which has been developed in order to optimally capture all the aspects of service quality, and specifically address the issues of the banking industry. In comparing BSQ with SERVQUAL, it was argued that the main feature of banking service quality scale for banks is validity especially content validity. Also it is worthwhile to note that in the model of banking service scale price dimension and services portfolio dimension are there which are absent in the SERVQUAL model. Since banking service quality scale has content validity is also there which is absent in SERVQUAL it is better to use BSQ scale and that is the reason it is used here. But the researcher has modified it and included some more aspects into the model and so modified BSQ scale is used in the study.