CHAPTER NINE

FINDINGS OF OBJECTIVES

9.1 FINDINGS FROM PILOT STUDY

Pilot study helped to reduce the questionnaire from 45 statements to 37 questions and also helped the researcher to direct the research. Statements which were not that important for the study were eliminated so as to make the questionnaire more compact and study more relevant.

FINDINGS FROM THE STUDY

The study found that irrespective of age group or gender customers were more or less satisfied with the service quality but at the same time there was scope for improvements.

First of all the reliability of the customer questionnaire was found to be 0.95 which means that the data is reliable.

From factor analysis we found that there are 7 important factors for customer point of view of service quality out of which factor 1 was very important (since it contributes to 20% of variance in the data) which contains the following statements:

Bank tries to maintain knowledge of Customer on personal basis

There are no contradictions between personnel and management

Bank tries to find out specific needs of customers
Bank has error free and hassle free processing

Staff appreciates customers for doing business with bank

Bank tries to deliver when promised

Bank tries to give right service first time itself

Bank tells customers when services will be performed

Grievance handling mechanism of bank is very efficient

There are no delays due to bureaucratic factors and procedures

Time taken in cash transaction is less

Confidentiality of transaction is maintained by the bank

Bank has services which are innovative

If you look into the overall services given by the banks IDBI Bank and Saraswat Bank are the leaders based on the opinion of customers (denoted by the values which are closer to seven). Also we can see from the table that Co-operative sector gives the best overall service followed by public sector and then private sector

Most of the banks scored very well in the parameter of confidentiality in the transactions maintained by the bank which means that banks do not disclose the customer's identity which is one of the most important aspects for banking as people want their identity to be hidden most of the times

Except for innovative services where HDFC Bank scored highest in all other services Saraswat bank and IDBI Bank scored highest points (The sample size for these
banks was less and so this result cannot be generalized as more samples can yield a different result). For all banks confidentiality parameter got the highest rating

We can see that except for Price factor Banks in Private sector are doing better than banks in public sector (Co-operative sector is not considered in this case as the sample size is less than 100). This clearly gives the signal to the public sector banks that they have to improve on the quality of service parameters even if it is at higher cost whereas private banks can reduce the price

If we compare the public sector banks and private sector banks the latter is better in the following areas.

**There are no delays due to bureaucratic factors and procedures**

**Bank tries to find out specific needs of customers**

**Staff appreciates customers for doing business with bank**

**Time taken in cash transaction is less**

**Bank has services which are innovative**
1. Customer Perception of Service quality is affected by the Bank type (Hypothesis 1)

The analysis finds that in all the factors of service quality perception from customer point of view, namely tangibles, effectiveness, price, reliability and access the public sector banks, private sector banks and co-operative sector banks differ in their service. Most of the areas private sector banks are better along with co-operative sector whereas public sector banks have to improve so that they can give better service.

2. Relationship between overall service and parameters in first factor (Effectiveness and Assurance) – Hypothesis 2

All the parameters given below namely Bank tries to maintain knowledge of customer on the personnel basis, there are no conflict of opinions between human resource in the organization and top level people. Bank tries to analyse the exact needs of clients, Bank has error free and problem less processing, Staff appreciates clients for being customer of with bank, Bank tries to give service when promised, Bank tries to give right kind of service at the very beginning, Bank tells customers when services will be performed, Grievance handling mechanism of bank is very efficient, There are no delays due to bureaucratic factors and procedures, Time taken in cash transaction is less, Confidentiality of transaction is maintained by the bank and Bank has services which are innovative are having sufficient correlation as found from the correlation testing.
FACTORS OBTAINED FROM FACTOR ANALYSIS (FOR EMPLOYEES)-
Objective 4

Factors of Employee Satisfaction

1. Service Focus of employees
2. Teamwork
3. Communication aspect
4. Facility Provided
5. Technology reduces employee communication cost.
6. Overall Service
7. Rewards in intrinsic or extrinsic form

Banks are compared with respect to these factors and the results are compared and they are given below

**Service focus of employees** is the first Factor in factor analysis. Saraswat bank scores the highest for all the parameters in the first factor. IDBI has scored the lowest which means they have to make themselves more customer focused. Service focus can be improved by better training methods

**Teamwork** is the second factor. SBI score the highest in the parameters termed as “Management information influence behavior”, “Public Recognition of Achievements” and “No barriers between Internal Departments”. HDFC score the highest in the parameters “Practice of Teamwork” and “Excellent relationship with co-workers”.
IDBI is scoring low in most of the parameters which means that in terms of teamwork there is a gap between top management and employees and also between team members in the same department. This is the same case with inter departments also. This can be done by effective training methods and by better job analysis process

Saraswat bank score the highest and SBI Scores the highest in the Communication clarity aspect and here also IDBI bank is scoring the least. Banks can improve on this aspect by better training methods and by having better human resource policies

From the analysis we can infer that in Facility factor Saraswat bank scores better than the other banks

For Overall Service Corporation bank scores highest and lowest is scored by IDBI which means that IDBI has to improve on the service aspect compared to other banks

In the factor of “Technology reduce employee communications cost” HDFC scores the highest and in the aspect of “Rewards are given in Intrinsic or Extrinsic form” Saraswat bank scores the highest

3. Impact of Gender and Age on Factors of Service Quality

OBJECTIVE 3(HYPOTHESIS 3&4)

From the data analysis we can understand that gender and age do not have impact on the factors namely Tangibles, Effectiveness, Price, Reliability and Access. The only exception is on the impact of age on reliability where the data analysis found
some impact of age. This means that age and gender do not have influence on perception of customers towards service quality and irrespective of gender and age group customers would like to have consistent and sufficient quality in all the services given in banks.

**OBJECTIVE 5-TESTED BY HYPOTHESIS 5**

4. **Difference between type of banks in terms of factors of employee satisfaction(Hypothesis 5)**

We can see that for the three factors namely Teamwork, Communication clarity and facility there is no significant difference between the bank type, i.e., all types of banks like Public sector banks, private sector banks and co-operative sector banks are similar in these areas (Using ANOVA).

ANOVA is finding that there is difference in Service Focus factor and ANOVA Post Hoc test using Tukey finds that there is significant difference between Public sector and Co-operative sector in this factor. This means that perception of employees towards the important factors of service quality is same across the types of banks.

5. **Difference between bank names in terms of factors of employee satisfaction(Hypothesis 6)**
We can see from the analysis that for the four factors namely Service focus of employees, Teamwork, Communication clarity and facility there is significant difference between the bank name, i.e., HDFC, SBI, IDBI, Corporation and Saraswat banks. That means these banks differ in these factors. This means that perception of employees towards the important factors of service quality is different according to the bank name.

6. Difference between customer satisfaction and Employee perception in terms of overall service (Objective 2)

Except for IDBI bank all other banks namely HDFC, Saraswat, Corporation and SBI were found to have negative difference between employee perception and customer satisfaction which means that though employees feel that they are able to satisfy the customers there is a lot to be desired in this aspect (Corporation the value was -0.9745, for HDFC it was -0.5514, for IDBI it was 0.5526, for SBI it was -0.5879 and for Saraswat it was -0.2057. The disconnect was very much visible for Corporation bank where IDBI bank employees were able to meet and exceed the expectations.

Most banks except IDBI are not able to understand the customer needs and they think that they are giving good service to customers which is actually proved to be wrong.

We can see that except for Price factor Private sector bank scores better than public sector banks (Co-operative sector is not considered as the sample size is less than 100). In effectiveness factor both types are almost equal. The highest value is for Reliability factor which has got a score of 5.8174 obtained by private banks and the lowest score is obtained by private banks for Price factor (4.9579). We can see from
the table that Co-operative sector gives the best overall service followed by public sector and then private sector. Employee analysis shows that Service focus of employees is the most important factor. This consists of parameters like importance of training, motivation of employees etc.

6. Difference between different bank types in terms of customer satisfaction parameters (Hypothesis 7)

We can observe from the analysis that in all the factors of customer satisfaction public sector, private sector and co-operative sector banks differ (Indicated by the sig value which is less than 0.05 in all cases except for the facility factor where it is more than 0.05) (i.e., in Effectiveness and assurance, Tangibles, Price, Reliability and Access)

### TABLE 78-Main Factors of Service Quality from Customer and Employee View Point

<table>
<thead>
<tr>
<th>Main Customer Factors of Service Quality</th>
<th>Employee Service Quality Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness &amp; Assurance</td>
<td>Service</td>
</tr>
<tr>
<td>Tangibles</td>
<td>Teamwork</td>
</tr>
<tr>
<td>Price</td>
<td>Communication</td>
</tr>
<tr>
<td>Reliability</td>
<td>Facility</td>
</tr>
<tr>
<td>Access</td>
<td></td>
</tr>
</tbody>
</table>
From the variance we can find that effectiveness and assurance contributes maximum to the total variance followed by tangibles and price factor which means that service quality is basically defined by parameters in effectiveness and assurance and tangibles as far as banking is concerned. (Customer point of view)

From the employee point of view service focus is considered to be the most important factor which includes parameters like training to be given to employees to be customer focused, giving right service first time etc which will help the employees to give better customer service which in turn will ensure effective service management and retention of customers.

<table>
<thead>
<tr>
<th>TYPE</th>
<th>TANGIBLE</th>
<th>EFFECTIVENESS</th>
<th>PRICE</th>
<th>RELIABILITY</th>
<th>ACCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC SECTOR</td>
<td>4.9901</td>
<td>5.1036</td>
<td>5.3392</td>
<td>5.2911</td>
<td>5.4352</td>
</tr>
<tr>
<td>PRIVATE SECTOR</td>
<td>5.2719</td>
<td>5.1200</td>
<td>4.9579</td>
<td>5.3359</td>
<td>5.6940</td>
</tr>
<tr>
<td>CO OPERATIVE</td>
<td>5.5203</td>
<td>5.5843</td>
<td>5.6469</td>
<td>5.8174</td>
<td>5.0917</td>
</tr>
</tbody>
</table>
We can see from the above table that in Public sector banks scores on **Access factor** and Private sector banks also score in the same **Access factor**. Co-operative banks excel in terms of **Reliability aspect**

In the tangibles factor Co-operative sector is the best. Effectiveness of Co-operative sector banks are better than other types of banks. Even in the case of Price factor and reliability factors Co-operative sector banks are better than other types of banks. Only in the case of Reliability private banks are better than other types of banks.

**TABLE 80-SERVICE TEAM COMMUNICATION FACILITY**

<table>
<thead>
<tr>
<th>BANK TYPE</th>
<th>service</th>
<th>team</th>
<th>Communication</th>
<th>facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC SECTOR BANK</td>
<td>5.4903</td>
<td>5.4910</td>
<td>5.4615</td>
<td>5.4597</td>
</tr>
<tr>
<td>PRIVATE SECTOR BANK</td>
<td>5.9200</td>
<td>5.6900</td>
<td>5.2593</td>
<td>5.3500</td>
</tr>
<tr>
<td>CO-OPERATIVE SECTOR BANK</td>
<td>6.0581</td>
<td>5.5250</td>
<td>5.8542</td>
<td>5.8548</td>
</tr>
</tbody>
</table>

In terms of employee perception Public Sector banks excel in **Teamwork** whereas Private sector banks and Co operative sector banks do well in **Service factor**.
### TABLE 81-SERVICE TEAM COMMUNICATION

**FACILITY * BANK NAME**

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>service</th>
<th>team</th>
<th>Communication</th>
<th>facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPORAT</td>
<td>5.5333</td>
<td>5.4727</td>
<td>5.4000</td>
<td>5.3182</td>
</tr>
<tr>
<td>HDFC</td>
<td>5.9200</td>
<td>5.6900</td>
<td>5.2593</td>
<td>5.3500</td>
</tr>
<tr>
<td>IDBI</td>
<td>4.9895</td>
<td>4.8880</td>
<td>4.9710</td>
<td>5.0000</td>
</tr>
<tr>
<td>SARASWAT</td>
<td>6.0581</td>
<td>5.5250</td>
<td>5.8542</td>
<td>5.8548</td>
</tr>
<tr>
<td>SBI</td>
<td>5.7806</td>
<td>5.9452</td>
<td>5.8333</td>
<td>5.8065</td>
</tr>
</tbody>
</table>

Red shades in the above tables represent the factors where the bank type or bank name have the highest values which shows that in Service aspect HDFC and Saraswat Bank score better whereas in teamwork Corporation bank and SBI do well. IDBI bank score better in facility aspect. In communication aspect Saraswat bank is very good.
Objective 1 can be understood from all the interpretations above

**TABLE 82-SUMMARY OF HYPOTHESIS TESTING**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Perception of Service quality is affected by the Bank type</td>
<td>Supported</td>
</tr>
<tr>
<td>Relationship between overall service and parameters in first factor</td>
<td>Supported</td>
</tr>
<tr>
<td>(Effectiveness and Assurance)</td>
<td></td>
</tr>
<tr>
<td>Gender and Age have influence on perception of customers towards service quality</td>
<td>Not Supported</td>
</tr>
<tr>
<td>Significant difference between the bank types, i.e. all types of banks like Public sector banks, private sector banks and co-operative sector banks with respect to Teamwork, Communication clarity and facility factors</td>
<td>Not Supported</td>
</tr>
<tr>
<td>Significant difference between the bank types, i.e. all types of banks like Public sector banks, private sector banks and co-operative sector banks with respect to Service focus</td>
<td>Supported</td>
</tr>
<tr>
<td>In the four factors namely Service</td>
<td>Supported</td>
</tr>
</tbody>
</table>
focus of employees, Teamwork, Communication clarity and facility there is significant difference between the different banks

In the five factors namely Effectiveness& Assurance, Reliability, Price, Access& Tangibles there is significant difference between the different bank types

| Supported |

**OBJECTIVE 6**

The analysis using Multidimensional scaling gives the relative positions of the different banks with respect to each other. It gives us the idea that HDFC and ICICI are similar as they belong to the same quadrant whereas they are different from all other banks. IDBI is also found to be different as they are exclusive in one quadrant and same thing happens with Saraswat bank.

The analysis does not give the dimensions as it is a non-attribute based mapping and so it is difficult to actually define the dimensions. But it will help to find where the brands are less so that if new banks are there they can find where there is less competition.

The study does not go into details of this as it is difficult to have more dimensions with 6 banks and so dimensions are not defined here.)
OBJECTIVE 7

Public sector banks have to improve on most service parameters when compared to other types of banks (Found out using one area where state bank, HDFC and Saraswat bank were compared to each other in terms of customer service factors)

OBJECTIVE 8(Tested by hypothesis 8)

Branch location has no influence on the service quality factors except in the case of HDFC where reliability factor and Tangibles were influenced by the location of branch. None of the other leading banks (SBI, and Saraswat) were affected by branch location

The study also finds that service quality factors predict overall consumer satisfaction in a very strong manner and it also tells that price is a very important factor in deciding consumer satisfaction with respect to overall service quality. In employees the service quality factors of employees were not found to have any significant impact on overall employee reliability of service
9.2-REVIEW OF RESEARCH FINDINGS

The main aim set for this research study was to establish if there are significant differences between the private, public and co-operative banking sectors in terms of service quality levels as perceived by bank customers and also employee perceptions in these banks. This aim comprises a number of objectives which were analyzed to find out some insights into banking service quality.

In order to detail the major findings of the study statistical techniques were employed in this research to analyze the empirical data collected from customers in the banks, they are: means measure, Independent Samples- Kruskal Wallis Test, Cronbach coefficient alpha, Factor Analysis, and Pearsons Correlation, using SPSS, version 19. These statistical tests were used to analyze 458 usable data from an administered 600 questionnaires with 70% response rate.

The hypotheses associated with the above study aim were developed as a result of the literature reviews. Based on the research aim and objective, research findings could be classified under four categories: the first category is the finding from means measure, the second category is the finding from Kruskal Wallis Test, the third category is the finding from Factor Analysis, and finally the fourth category is the finding from Correlation. Also the study uses factor analysis, Means and Kruskal Wallis test to understand employee perception.
The findings indicate importance of employees and their teamwork, communication and other factors to improve service given to customers. The study is one rare attempt to find out most important factors which help employees to give quality service to customers in banks. Also the study tries to compare different types of banks and different bank names in terms of the performing quality service. The study does not take into consideration the impact of service quality on the sales or performance of banks. Findings also suggest that age and gender do not have an impact on customer perception of service quality.

The study finds that Service focus is very important from the employee view point and effectiveness and assurance is the most important point from the view point of customers.

MODEL OF SERVICE QUALITY

CUSTOMERS

- Effectiveness & Assurance
- Tangibles
- Reliability of Service
- Access
- Price

EMPLOYEES

- Service Focus, Teamwork, Communication
- Facility Factor
9.3-IMPLICATIONS OF THE STUDY

These research findings provide interesting insights and generated theoretical implications, managerial implications and implications for marketing management practices and human resource management, which still need to be considered within the public banking sector (since the present research results showed that customers of public banks in Mumbai expressed low perceptions of service quality).

Theoretical implications

This study has demonstrated that the dimensions of the BSQ model which were used to measure the perceived service quality of private, public and co-operative banking sectors, are characterized by a good level of validity and reliability; it is therefore appropriate for measuring the perceived level of service quality in the banks.

This study also confirms the findings of other studies which demonstrated that private banks outperform public banks in terms perceived service quality levels. Also the study helps us to find out the importance of different factors in defining service quality
**Managerial implications**

Amongst the research findings of this study, it was found that public banks expressed lower levels of perceived service quality with respect to all dimensions, and by following the literature, the problem can be attributed to the fact that public banks are suffering from managerial difficulties (Zeithaml, Parasuraman and Berry, 1990; Parasuraman, Zeithaml and Berry, 1988; Zeithaml, Berry and Parasuraman, 1992).

On the basis of these results, the following recommendations are suggested in order to improve managerial practices and service quality levels in public banks as well as in private banks in Mumbai.
9.4-GENERAL SUGGESTIONS FROM THE STUDY

Public sector banks should improve on all aspects of service quality while private banks can try to improve on the price front by making all services accessible for consumers.

Public sector banks can improve on most of the parameters like reliability, access, responsiveness, effectiveness and assurance etc by maintaining the trust factor which is the most positive aspect of them compared to other sector banks.

Public sector banks can improve on the technical and information technology aspects of banking which will help them to improvise and make the services more accessible, more accurate and timely.

Customers should be given more weight age and importance by public sector banks whereas private sector banks can reduce the price for the various services.

Employees are having good service focus in most of the banks but still it is imperative to train the human resources in the banks so as to make them better and accurate. Employees should know their roles and responsibility and there should not be any ambiguity with respect to roles. Proper training should be provided so that the employees know their functions and they can execute them properly.
If the banks can concentrate to have better customer relations then it will help them to retain the customers in a better fashion which will reduce the cost to the banks.

Finally it will be better to train employees so as to make them more competitive so that they can give individual attention to each customer.

Branches do not have much influence on service quality factors which means that across branches quality have to be improved so that customers are happier with respect to the services and the way they are delivered.

Generally we can find out some important factors which are very useful for improving the delivery of service quality in banks. They are:

<table>
<thead>
<tr>
<th>Factors</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee’s Responsiveness</td>
<td>Employee</td>
</tr>
<tr>
<td>Personal attention given</td>
<td>Employee</td>
</tr>
<tr>
<td>Promptness of service</td>
<td>Employee</td>
</tr>
<tr>
<td>Helpfulness of employees</td>
<td>Employee</td>
</tr>
<tr>
<td>Friendliness of employees</td>
<td>Employee</td>
</tr>
<tr>
<td>Willingness to communicate</td>
<td>Employee</td>
</tr>
<tr>
<td>Cooperativeness of employees</td>
<td>Employee</td>
</tr>
<tr>
<td>Competence skills of employees</td>
<td>Employee</td>
</tr>
</tbody>
</table>
Interaction skills of employees	Employee
Professional advice given	Employee
Past experience	Goodwill
brand Reputation and image	Goodwill

Friendly advice given	Goodwill
Financial stability of bank	Goodwill
Fees and expenses charged	Policy
Price charged	Policy
Timing and opening hours	Policy
Availability of products and services	Policy
Staff training given time to time	Policy
Technology-based services	Policy
Innovation in products/services	Policy
Understanding customer’s needs	Policy
OTHER SUGGESTIONS

1. Public sector banks could improve on the tangibility factor by improving on the general working environment and parking facilities.

2. Private sector banks can be more competitive on the pricing front and make services more accessible for consumers. They can have differential pricing for customers (banks have already started this).

3. Cooperative sector banks can improve on access front.

4. Public sector bank has to improve on the service factor to employees and customers and teamwork among employees compared to other types of banks.

5. In factors like communication given to employees and facilities given private sector banks have to improve by having better understanding of requirements and adopting a more customer centric system.

6. Banks can have facility to understand the customer requirements from time to time so that they can reduce the gap between employee perception and customer satisfaction.
7. Employees have to be given motivation using incentives so as to service customers better

8. Managers should be aware of the importance and role of training in improving customer service in banks

Banks need to have better human resource policies and better training methods to employees so as to make more effective and efficient. Banks can also give different services at prices which are affordable which will make consumers avail the services and make them more satisfied with the range of services and their quality.