CHAPTER - II

REVIEW OF LITERATURE
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2.1. Introduction

The objective of this chapter is to provide a review of the principal literature relating to this study, which is Service Quality. In addition, it will evaluate the existing literature and establish the identity of the gaps in the literature, which will provide the framework on which this research is based.

As part of introducing the study the literature on services, marketing will be examined from a purely historical perspective to determine its impact on the field of Service Quality. Then, a brief review of the relationship between customer satisfaction and Service Quality precedes the literature review defining Service Quality, and measuring Service Quality, Service Quality models and conceptual framework of SERVQUAL and SERVPERF. The earlier research studies relating to measurement of Service Quality, Customer Satisfaction and Customer Service in the Banking Industry are also reviewed by the researcher in a year wise sequence.

2.2. Service Marketing

Service marketing was the precursor leading to the study of Service Quality. It was beginning to be recognized as an industry function in the early to mid 1970s. Empirical research was limited in the early days as marketing struggled with the differences between this new service sector and the conventional marketing methods for the marketing of produced goods. Pioneer researchers in this area (George and Barksdale, 1974) identified several distinct differences between the marketing of "service" firms and "manufacturing" firms. Their research found an unusual concept in the service firms in which the marketing effort was not confined to a formal marketing department, but was shared across organizational lines. The manufacturing
firm, by contrast, operated with a more clearly delineated marketing department.¹

It was Shostack’s (1977) research that brought to the fore the distinct nature of services marketing. She noted that services were intangible, rendered, experienced, and unable to be stored. Consequently, her conclusion was that services should be marketed differently from tangible products. It was her early work that gave equal weight to the components of “service” as it did to “product.” Her research concluded that service marketing strategies should deal with specific issues related to distinct elements within every product. She also concluded that changes in any single element could impact other elements within the function, and as such, services marketing should consider products more holistically, meaning to look at each item on its merits alone.²

Uhl and Upah’s (1983) research built on Shostack’s (1977) work, but set forth the concept that services marketing was significantly different from product marketing. They found that services are intangible, incapable of being stored, incapable of being transported, and are for use and not ownership. For example, they noted that a bank teller’s services could not be stored, and if those services went unused, they would be lost.³

Lovelock (1983) took the intangible service marketing function and broke it down to the specific service function, and then established service classifications that emphasized the fact that service oriented organizations could be quite different from each other. He created five four-way classification schemes that considered three service aspects: (1) the nature of the service act involving people or things whether tangible or intangible actions; (2) the nature of service delivery which comprised formal relationships or non-formal relationships with customers; and (3) the nature of customization involving high or low service provider judgments regarding customer needs or customization requirements.⁴
The limited research that followed (Reukert, et al, 1985; Walker and Reukert, 1987) viewed marketing management as a function or a task, and did not embrace the services marketing approach across the organization. However, subsequent research (Parasuraman and Deshpande, 1984; Deshpande and Webster, 1989) provided evidence that suggested organizational culture has a significant influence on organizational behavior.

Enis and Roering (1984) were unconvinced that there is a distinction between service marketing and manufacturing marketing. It was their conclusion that the strategies used for all product is strictly a “bundle of benefits” regardless of whether they are tangible or intangible.

The principal study by Parasuraman and Zeithaml, et al (1985) fostered a direct relationship between customer satisfaction and service quality and broadened the unique characteristics of service products. They explained that service in its production sense and consumption occur simultaneously. Production and consumption of service products cannot exist in isolation, requiring them to be simultaneously produced and consumed. Additionally, they suggest that service production and consumption is by its own nature heterogeneous. Their research was significant in that it highlighted the differences between manufactured products and service products, and it introduced the interrelationships between customer service and customer satisfaction through the measurement of gaps.

2.3. Relationship between Customer Satisfaction and Service Quality

In this study, it is important to establish the relationship between customer satisfaction and service quality. This section will establish the existing relationship. Only within the last few years has there been much research conducted in the area of determining whether customer satisfaction influences behavioural tendencies more than service quality does or the opposite prevails. Perhaps, the issue revolves around the ongoing debate as to
whether satisfaction precedes service quality or the vice versa i.e. service quality precedes satisfaction?

Customers have a difficult time in attempting to determine service quality based upon objectivity and as a result need some structured effort on the part of the service provider to plan the service function (Shostack, 1985). Boulding et al (1993) noted that service quality and customer satisfaction were treated as one and the same by the business press. They indicated that this should be a dynamic process model to examine the subject from expectations to behavioural intentions.

The subject took another turn when there was a substantial amount of posturing in the literature as to whether both constructs (satisfaction/dissatisfaction and service quality) are truly attitudes. Bitner (1990) viewed satisfaction/dissatisfaction as an episodic, transaction-specific measure, and this was subsequently the conclusion of Clow and Beisel (1995). Still not convinced, Bitner and Hubbert (1994) subsequently raised the question whether or not service quality and customer satisfaction is distinguishable from the customer’s perspective. However, studies by Cronin and Taylor (1992) as well as research by Oliva et al (1992) treat satisfaction/dissatisfaction as a cumulative rather than a discrete measure.

It became obvious that satisfaction/dissatisfaction had to be separated into two distinct types based on a given service encounter or a total service experience. They described service quality as “similar in many ways to an attitude” developed over all encounters with the service providing firm (Parasuraman, et al, 1988). Cronin and Taylor (1992) found that there is a major problem when service quality is not termed as an attitude. They saw a significant problem when the disconfirmation paradigm is used to measure perceptions in service quality, and it has also been used to distinguish customer satisfaction from service quality. This was identified as an
inconsistent approach with the differentiation noted between these constructs in the satisfaction and attitude literature.

A set of definitions to clarify the different types of evaluation methods was proposed by Bitner and Hubbert (1994.) They noted and established conceptual links between satisfaction in single service encounter, satisfaction with the entire service experience, and service quality. It was determined using their concept that consistently good service would mitigate one single episode of poor service, and as a result, would not significantly impact overall satisfaction. Conversely, negative information from some credible source may cause the customer to evaluate service quality less favorably, even though the past experiences have been very satisfying. Bolton and Drew (1994) in their research found there is a difference between a single encounter and the total service experience and in that regard stated:

"In a dynamic framework, customer satisfaction with a specific service encounter depends on pre-existing or contemporaneous attitudes about service quality and customer post-usage attitudes depend on satisfaction." (Bolton and Drew. 1994: page 176.).

From their conclusions, it is implied that service quality is an input and customer satisfaction is an output. However, taking their statement and dissecting it, one would have to conclude that Bolton and Drew (1994) view this dynamic framework from the context of service quality establishing the perceptions necessary for the customer to receive satisfaction from a specific service encounter as opposed to pure service causing the customer to obtain satisfaction.16

While the issue is sometimes clouded, it is reasonable to conclude that there is a consensus among the various researchers that while service quality and customer satisfaction are two different constructs, they can still have common indicators. Likewise, there is an agreement in the research literature
that both service quality and customer satisfaction have an influence on customer loyalty.

2.4. Defining Service Quality

Customers over the years have felt some level of comfort by an adequate amount of attention. However, the study of service quality did not come into its own as an area of marketing importance until research in the early 1980s established that attitude was a significant part of service quality. Table 2.1 below gives a general chronology of service quality, providing a list of the researchers and the research issues they raised by time period. The more important studies are detailed following the table.

The earliest concern for what has become to be known as service quality appeared in 1976. Anderson et al (1976) recognized importance of selection as a priority for obtaining and retaining customers. Other than being a trailblazer, this research did not have a significant impact on service quality. Marketing researchers did not share their need for substantial research of the quality issue until the early 1980s.

Churchill and Suprenant (1982) were among the earliest to hold the view, later shared by others, that service quality was an attitude. They were the first researchers to see the significance of attitude as a principal factor leading to superior service quality. One year after this significant research, Lewis and Booms (1983) concluded that satisfaction was similar to attitude, and consequently they noted the significance of processes and outcomes in defining service quality.
### Table 2.1 Chronology of Service Quality Research

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RESEARCHERS</th>
<th>RESEARCH ISSUE</th>
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<tbody>
<tr>
<td>1976</td>
<td>Anderson et al</td>
<td>Recognized importance of selection as priority for obtaining and retaining customers</td>
</tr>
<tr>
<td>1982</td>
<td>Churchill and Suprenant</td>
<td>Service satisfaction is similar to attitude</td>
</tr>
<tr>
<td>1982</td>
<td>Gronroos</td>
<td>Significance of processes and outcomes in defining service quality. Alluded to satisfaction as being similar to attitude.</td>
</tr>
<tr>
<td>1983</td>
<td>Lewis and Booms</td>
<td>Also noted significance of processes and outcomes in defining service quality. Difference in service quality and attitude is seen as general, comprehensive appraisal of some specific product or service.</td>
</tr>
<tr>
<td>1985</td>
<td>Holbrook and Corfman</td>
<td>Defined perceived quality as a global value judgment.</td>
</tr>
<tr>
<td>1985</td>
<td>Maynes</td>
<td>Viewed service quality as the extent to which a product offers the characteristics that individual desires.</td>
</tr>
<tr>
<td>1985</td>
<td>Parasuraman et al.</td>
<td>Established ten service quality determinates known as SERVQUAL (tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding / knowing the customer, and access.)</td>
</tr>
<tr>
<td>1988</td>
<td>Parasuraman et. al.</td>
<td>After substantial factor analysis and testing, reduced the 10 service quality determinates in SERVQUAL to 5 (tangibles, responsiveness, reliability, assurance, and empathy.</td>
</tr>
<tr>
<td>1988</td>
<td>Zeithaml et al.</td>
<td>Noted that firms not only have a difficult time delivering a consistent level of quality service, but had difficulty understanding what service quality really entails. Perceived service quality as an attitude. Found through focus groups that good service quality as meeting customer expectations.</td>
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<tr>
<td>YEAR</td>
<td>RESEARCHERS</td>
<td>RESEARCH ISSUE</td>
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<td>-------------------------------------------------------------------------------</td>
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<tr>
<td>1989</td>
<td>Babakus and Mangold</td>
<td>Developed serious reservations about SERVQUAL’s scales: reliability and discriminant validity</td>
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<tr>
<td>1990</td>
<td>Bitner</td>
<td>Noted research yielded service quality as being similar to attitude</td>
</tr>
<tr>
<td>1992</td>
<td>Cronin and Taylor</td>
<td>Found that perceptions of service quality more closely approach customer evaluations of services provided.</td>
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<tr>
<td>1992</td>
<td>Howcroft</td>
<td>Noted customer preferences of service quality based upon comparison between expectations and actual service performance.</td>
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<tr>
<td>1993</td>
<td>Teas</td>
<td>Found interpretation of SERVQUAL expectations were flawed.</td>
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<tr>
<td>1993</td>
<td>Brown, et al</td>
<td>Questioned whether five key dimensions capture all possible determinants of service quality.</td>
</tr>
<tr>
<td>1994</td>
<td>Parasuraman, et al</td>
<td>Disagreed with Brown et al. Research supports disconfirmation as valid since it allows service providers to establish gaps in provided service.</td>
</tr>
<tr>
<td>1994</td>
<td>Cronin, Jr. and Taylor</td>
<td>Found fault with SERVQUAL and developed SERVPERF based upon consumer satisfaction exerts stronger influence on purchase intentions that does service quality.</td>
</tr>
<tr>
<td>1994</td>
<td>Taylor and Baker</td>
<td>All used multi-item measures to ascertain overall service quality with factors as antecedents.</td>
</tr>
<tr>
<td>1996</td>
<td>Dabholkar et al</td>
<td></td>
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<tr>
<td>1996</td>
<td>Spreng and Mackoy</td>
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</tr>
<tr>
<td>1996</td>
<td>Buttle</td>
<td>Questioned face validity and construct validity of SERVQUAL.</td>
</tr>
<tr>
<td>2000</td>
<td>Dabholkar et al</td>
<td>Found perceptions and measured disconfirmation are more advantageous than computed disconfirmation</td>
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In addition, they did not directly state, rather they alluded to satisfaction as being similar to attitude. The difference between service quality and attitude is that service quality is seen as a general, comprehensive appraisal of some product or service. By contrast it was noted by Gronroos (1982b) that service marketing had followed two distinctly different paths. In his view based on empirically reliable research, service, when taken alone, is indeed physically intangible. It does not matter if it is a bank service or a restaurant service—service occurs when someone does something for the customer in either case. He noted:

“...This holds even for situations where there are no human representatives of the firm involved; then the firm uses physical or technical resources and the co-operation of the customer instead, in order to be able to do something for its customers. This activity—for example, a bank service, a restaurant service, or an airline trip—is produced, at least partly, often to a great extent, in the presence of the consumer, with his co-operation, and moreover, while he simultaneously consumes the service.” (Gronroos .1982b: page 31.)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RESEARCHERS</th>
<th>RESEARCH ISSUE</th>
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</thead>
<tbody>
<tr>
<td>2000</td>
<td>Bahia and Nantel</td>
<td>Devised measurement system modifying SERVQUAL to examine specific service context on a 6 dimension scale called BSQ. Researchers admitted BSQ had limitations.</td>
</tr>
<tr>
<td>2000</td>
<td>Beckett et al</td>
<td>Developed consumer behavior matrix to determine impact of electronic-based delivery systems on service/service quality.</td>
</tr>
<tr>
<td>2000</td>
<td>Oppewal and Vriens</td>
<td>Used integrated conjoint experiments to measure perceived level of service quality to avoid measurement pitfalls of SERVQUAL.</td>
</tr>
<tr>
<td>2001</td>
<td>Newman</td>
<td>Acknowledged acceptance of SERVQUAL, but questioned composition of sample and insensitivity to customer.</td>
</tr>
</tbody>
</table>
Gronroos (1982b) concluded that the act of something being done for the customer was the significant element in satisfying the customer, and this act did not have to involve a person performing the act rather it was simply a matter of the “firm” relying upon physical or technical resources doing something for the customer with the customer cooperating by consuming the “service”. As noted from his research, customer awareness of something being done on their behalf played a significant role in the degree of satisfaction.  

Holbrook and Corfman (1985) expanded on the concept of an act being performed and defined perceived quality as a global value judgment. They indicated that quality does by its nature seem to express general approval. Therefore, it is indicated that “quality” or “high in quality” means that something is “good.” They stated that the use of the terms promotionally is extremely imprecise.

To define quality, they saw quality as fitting into three dimensions as stated below: “The first dimension distinguishes between definitions that regard quality as something present implicitly in an object as opposed to some explicit aspect or function thereof. A second dimension contrasts more mechanicalistic definitions of quality with those more humanistic in nature. A third dimension distinguishes conceptual definitions of quality from those relatively more operational in nature.” (Holbrook and Corfman. 1985: pages 32-33).

With the three dimensions, they tried to make the element of quality much more precise by definition. This approach of definitions was in conflict with their idea of perceived quality as a global value judgment. Their approach virtually ignored the customer and moved away from the early research that put service quality in the marketing mainstream.

Maynes (1985) took a different approach from Holbrook and Corfman (1985) who took the customer out of the service equation. He brought service
quality back to the earliest held views that service quality was the extent to which a product offers the characteristics that the individual desires. He differed from the earlier views in that he saw quality as a normative concept that could equip the consumer himself/herself function effectively in the marketplace. Additionally, he felt that quality could best be measured and defined using quality as a weighted average of characteristics. He defended his measurement and definition through the following statement:

"Finally, it is worth noting that the quality scoring systems utilized by Consumers Union and all its counterparts conform in essence, though not to form, to the model proposed here." (Maynes. 1985: page 197.).

This added element of mathematical measurement of quality by Maynes (1985) was the earliest attempt to quantify service quality by placing a number on the level of satisfaction. While this was a significant attempt to use weighted averages to arrive at a customer's level of satisfaction, it did not answer what then characteristics should be. It would appear that the research raised as many questions as it answered.

Maynes' attempt to quantify service quality was the beginning of the development of some of the most significant measurement techniques. Parasuraman et al (1985, 1988) sought to improve the previously developed methods by developing a set of firm characteristics that could be measured by providing the first complete set of ten service quality determinants: tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer and access, which are defined in Table 2.2. After substantial factor analysis and testing, Parasuraman et al (1988) reduced the categories to the following five: tangibles, responsiveness, reliability, assurance, and empathy.

Zeithaml et al (1988) noted that firms not only have a difficult time delivering a consistent level of quality service even though it improves the profit level for firms providing services, but also understanding specifically
what service quality really entails. Bitner (1990) held the same view as Zeithaml (1988) who perceived service quality was similar to attitude. Zeithaml et al. (1988) in their book dealing with service quality noted that customer focus groups universally found good service quality as meeting the expectations of the customer.\textsuperscript{24} As is noted in the literature, there is no one definition of service quality that can be accepted by marketing scholars, however, there is one, which presents the least amount of controversy: “Service quality as perceived by the customer is the degree and direction of discrepancy between customer service perceptions and expectations.” (Parasuraman et al. 1985: page 41.)

This definition provided for the first time recognition that perception by the customer was as much a factor in service quality as the actual service delivered. For example, the service delivered was the best that could be offered, but the perception by the customer was a lack of satisfaction. Hence, the service quality did not meet the expectations.

The common element that can be derived from the numerous researchers is that various methodologies exist which allow service quality to be measured. Additionally, it can be measured from several perspectives, which will be fully detailed by discussion of a number of important studies in the following section. The greatest area for dispute is what constitutes the best and most accurate method for measurement of service quality.

2.5. Measuring Service Quality

In an attempt to address the issue of how to measure service quality, a scale based upon the utilization of ten elements was developed by Parasuraman et al. (1988) based upon a series of focus group interviews, which could be used to measure service quality perceptions. Originally, the ten elements developed for use in measuring service quality were tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communications, and understanding the customer. Further studies by
Parasuraman et al (1988) brought about a major modification that changed the dimensions that could be used to measure service quality perceptions. This modification of the ten elements to five elements is clearly depicted in Table 2.2. Three of the original ten elements—tangibles, reliability and responsiveness—remained unchanged. The other seven original elements were combined into two elements. Those elements known as competence, courtesy, credibility, and security were combined to form one of the new elements known as assurance, and the elements of access, communications, and understanding the customer were combined to form the new element known as empathy as noted in Table 2.2. Now, the five elements that made up what the authors called SERVQUAL were the following five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy, which are defined in Table 2.2a based upon the five elements or dimensions, they postured that service quality could be measured by obtaining the difference between perceptions and expectations of those dimensions. A series of questions were presented to the customers, who were asked to rate their particular choices as to their expectations of service from the service provider.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>Appearance of physical facilities, equipment, personnel, and communication materials.</td>
</tr>
<tr>
<td>Reliability</td>
<td>Ability to perform the promised service dependably and accurately.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Willingness to help customers and provide prompt service.</td>
</tr>
<tr>
<td>Competence</td>
<td>Possession of the required skills and knowledge to perform the service.</td>
</tr>
<tr>
<td>Courtesy</td>
<td>Politeness, respect, consideration, and friendliness of contact personnel.</td>
</tr>
</tbody>
</table>
### Table 2.2a Definition of Modified SERVQUAL Dimensions

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>Trustworthiness, believability, honesty of service provider.</td>
</tr>
<tr>
<td>Security</td>
<td>Freedom from danger, risk, or doubt.</td>
</tr>
<tr>
<td>Access</td>
<td>Approachability and ease of contact.</td>
</tr>
<tr>
<td>Communication</td>
<td>Keeping customers informed in language they can understand and listening to them.</td>
</tr>
<tr>
<td>Understanding</td>
<td>Making the effort to know customers and their needs.</td>
</tr>
</tbody>
</table>


Further, the customers were told to give their perceptions of the service being delivered by the service provider. An additional rating scale was used to corroborate the results.

The modified SERVQUAL dimensions are tangibles, reliability, responsiveness, assurance, and empathy which Zeithaml et al (1988)
determined to be the best determinates for measuring service quality. Not unexpected, SERVQUAL received critiques from several marketing researchers, such as Babakus and Mangold (1989) who had serious reservations about the ability of SERVQUAL's scales, reliability, and discriminant validity.  

Table 2.2 b Correlation Between Modified SERVQUAL Dimensions and Original Ten Dimensions

<table>
<thead>
<tr>
<th>Original Ten SERVQUAL Dimensions</th>
<th>Modified SERVQUAL Dimensions</th>
</tr>
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<tbody>
<tr>
<td>Tangibles</td>
<td>Tangibles</td>
</tr>
<tr>
<td>Reliability</td>
<td>Reliability</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Responsiveness</td>
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<tr>
<td>Competence</td>
<td></td>
</tr>
<tr>
<td>Courtesy</td>
<td>Assurance</td>
</tr>
<tr>
<td>Credibility</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
</tr>
<tr>
<td>Access</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>Empathy</td>
</tr>
<tr>
<td>Understanding the Customer</td>
<td></td>
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</tbody>
</table>


They noted that the measurement techniques called into question a substantial potential for error and left a number of unanswered questions relating to its validity. Teas (1993) also found serious objections to SERVQUAL. He felt that the interpretation of the expectations standard was flawed. Additionally, operationalization of the expectation standard was not a workable option. He had problems with the evaluation of alternative models.
specifying the SQ construct as set out in the SERVQUAL instrument. His concerns were similar to Brown et al (1993) with regard to whether the five key dimensions capture all of the possible determinants of service quality. Cronin and Taylor (1992) stated that perceptions of service quality more closely approach customer evaluations of service provided.

Parasuraman, et al (1994) disagreed with the Cronin and Taylor (1992) perceptions, feeling that disconfirmation is valid since it allows providers of service to establish gaps in the provided services. Dabholkar, et al (1996),26 Spreng and Mackoy (1996),27 and Taylor and Baker (1994) were among the few to use multi-item measures to ascertain overall service quality, which was accomplished with factors as antecedents.28 In all cases they only tested using a single-item measure that would prove unreliable in looking at factors as components versus factors as antecedents.

Howcroft (1992) in a pilot study of service quality in selected United Kingdom banks found that there were a number of inconsistencies between staff interpretations and what was observed with the customer. He noted that: “The different schools of thought on quality service would seem to agree on the basic premise that customer preferences of service quality are based upon a comparison between expectations and actual service performance.” (Howcroft. 1992: page 126.)

Interestingly enough Howcroft (1992) concluded that most researchers would agree customer preferences can best be measured on the basis of comparing expectations to actual service. He found that outcome and process as an “holistic approach” best served the measurement process.29

A slightly different approach was taken by Dabholkar, et al (2000) who found that perceptions and measured disconfirmation are more advantageous than computed disconfirmation, but they suggest further study to determine their study’s ability to predict the power of service quality and customer satisfaction evaluations.30
They also recommend measured disconfirmation if gap analysis is used, and noted that cross-sectional design for service quality measurement would be more advantageous than longitudinal design. Bahia and Nantel (2000) in a Canadian bank study devised a measurement system modifying SERVQUAL to examine the specific service context on a six-dimension scale called BSQ. BSQ by admission of the authors was limited in that its scale construction was based entirely upon expert opinion, published literature, and a small sample. They felt it would have more validity if the sample were larger.31

In another recent study, Oppewal and Vriens (2000) noted that the use of integrated conjoint experiments to measure the perceived level of service quality provided a method of hierarchical information integration theory, which in their judgment avoids some of the measurement pitfalls of SERVQUAL. Unfortunately for the study, they noted: “It is therefore unclear whether in this study the substitution and replacement of terms that underlies the derivation of one overall utility functions was valid at all.” (Oppewal and Vriens. 2000: page 169.)32

Perhaps, the study may have raised more questions than the answers it yielded, however, it did give some food for thought about another means of measurement through conjoint experiments to measure service quality perceptions.

Beckett, et al (2000) approached consumer behavior from a different concept. They utilized a consumer behavior matrix developed through focus group discussions to determine what impact electronic-based delivery systems will have on service and consequently, the quality of service.

Their consumer behavior matrix plotted consumer confidence against the factor of involvement, using four quadrants. Those quadrants representing what the researchers termed “four ideal types of consumer behavior” were repeat-passive, rational-active, no-purchase, and relational-dependent.33
This section has shown a number of different studies of service quality measurement. It could be noted that there is no one study that fully and completely measures service quality and that there is a need to fill knowledge gaps with additional studies such as this one that might modify one of these studies.

2.6. Service Quality Models

Many different models have been developed to explain and measure service quality in different settings of business operations (Nitin S.et al., 2005). In this thesis though the focus is on measuring service quality, there is the need to review literature on service quality models since customer satisfaction relates to dimensions to service quality that are conceptualized differently in different service quality models.

2.6.1. GAP Model (Parasuraman et. al. 1985)

The GAP model was proposed by Parasuraman, A., Zeithaml, V.A. and Berry, L.L in 1985. The model presupposes that service quality is the differences between expectation and performance relating to quality dimensions. These difference are referred to as gaps. The gaps model (figure 2.6.1) conceptualizes five gaps which are

Gap 1: Difference between consumers’ expectation and management’s perceptions of consumers’ expectations (not identifying what consumers expect)

Gap 2: Disparity between management’s perceptions of consumer’s expectations and service quality specifications (inappropriate service - quality standards)

Gap 3: Variations between service quality specifications and service actually delivered (poor delivery of service quality)
Gap 4: Difference between service delivery and the communications to consumers about service delivery (promises mismatch delivery)

Gap 5: Difference between consumer’s expectation and perceived service; this gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer’s side.

Based on this, the SERVQUAL instrument was developed; it initially consisted of ten dimensions (Parasuraman et al., 1988). The ten were later refined into five dimensions: reliability, responsiveness, tangibles, assurance (communication, competence, credibility, courtesy, and security) and empathy which capture access and understanding or knowing the customers. Later in 1991 SERVQUAL was revised by replacing “should” word by “would” and in 1994 by reducing the total number of items to 21, but five dimensions structure remaining the same. In addition to this empirical research, the authors later came out with the extended service quality model. According to this extended model (figure 2.6.1a) most factors involve communication and control process implemented in organization to manage employees.
Figure 2.6.1: The Gap Model of Service Quality

Source: Parasuraman et.al. (1985)
Figure 2.6.1a: The Extended Gap Model of Service Quality

Source: Zeithaml et al. (1988)
2.6.2. Performance Only Model or SERVPERF Model (Cronin and Taylor 1992)

Performance only model presupposes that performance instead of "performance Expectation" determines service quality. Service quality is evaluated by perceptions only without expectations and without importance to weights. The authors investigated the concept and measurement of service quality and its link with consumer satisfaction and purchase intentions. They compared estimated difference scores with perception to conclude that perceptions only are better predictor of service quality. They challenged the framework of Parasuraman et al. (1985) with its SERVQUAL instrument that it confounds satisfaction and attitude. As a result they developed measurement instrument based on performance only and called it SERVPERF. By this they portray that service quality is a form of consumer attitude and the performance only measure of service quality is an enhanced means of measuring service quality. They stated that service quality can be conceptualized as "similar to an attitude", and can be operationalised by the adequacy-importance model.35

2.7. Conceptual Framework of SERVQUAL and SERVPERF Scale

Parasuraman et al. (1985) opine that service quality is the function of customers’ expectation and service providers’ performance.

Parasuraman, Zeithaml and Berry defined the concept of service quality as "a form of attitude, related but not equivalent to satisfaction that results from a comparison of expectations with perceptions of performance. Expectations are viewed as desires or wants of consumers, i.e.; what they feel a service provider should offer rather than what the service provider would offer" (Parasuraman et al; 1988, p.15).

Cronin & Taylor (1992), however argue that the conceptualization of service quality as a gap between expectations and performance is inadequate.
They point out the confusion in literature pertaining to the relationship between service quality and customer satisfaction. According to them, the concept of service quality should be the customers attitude towards the service, since the concept of satisfaction is defined as a gap between expectations and performance or disconfirmation of expectations. An attitude-based conceptualization would argue for either an importance-weighted evaluation of specific service attributes or even just an evaluation of performance on specific service attributes (Cronin, Taylor, 1992)

Cronin and Taylor (1992) were the first to provide a theoretical justification for discarding the expectations part of SERVQUAL in favour of mere performance measures included in the scale. The term 'performance-only measures' has thus come to refer to measured service quality that is based only on consumers' perceptions of the performance of a service provider, as distinct from a gap between the perceptions of consumers' performance and their expectations. The authors named their scale SERVEPERF. Several studies have shown that the performance-only SERVPERF Scale outperforms the disconfirmation-based SERVQUAL Scale (e.g. Boulding, Kalra, 1993; Brady, Cronin, Brand, 2002; Caruna, Ewing, Ramesh, 2000; Cronin, Taylor, 1992; McAlexander et al; 1994)

Cronin and Taylor (1994) have argued that the mere fact of asking a respondent to mark his or her perception of performance already lead him or her to compare mentally perceptions and expectations. In other words, the estimation of perceptions might already include a perception minus expectations mental process. They suggest that just performance, or SERVPERF, is the measure that best explains total quality. Yuksel and Rimmington (1998) also suggest that performance only is the most reliable and valid measure of satisfaction.

Therefore, with much supporting literature (Bottom & Drew, 1991; Churchill & Surprenant, 1982; Woodruff, Coddle & Jenkins, 1983), this
focuses on the importance of service performance. Cronin & Taylor said, "The performance based scale developed (SERVPERF) is efficient in comparison with the SERVQUAL scale".36

This research, which is based on SERVPERF scale, measures Banking service quality dimensions.

2.8. Studies Related to Determinants and Measurement of Service Quality in the Banking Industry

Hegazy, L.A. (1990). The study compares the bank selection criteria of customers of conventional banks and Islamic banks in Jordan. The questionnaire consisted of twenty bank selection criteria, which were to be evaluated. For those who patronized only Islamic banks, the three most important bank selection criteria are the provision of a fast and efficient service, the banks reputation and image and confidentiality of the bank. The same three factors are found to be of great importance to those who patronized only conventional banks, but in the following different order. 'confidentiality of the bank' the bank's reputation and image and the provision of a fast and efficient service. There was a significant difference between patrons of the two types of bank with respect to pricing policies. Two other bank selection criteria that are found to have significant difference are 'need for a wide range of services' (this is more important for those who patronize conventional banks) and providing financial consulting services' (this is more important for those who patronize Islamic banks).37

Kaynak, E., Kucukemiroglu, O. and Odabasi, Y. (1991). The study reports the influence of gender, age and educational background in selection of a bank in Turkey. The results reveal that factors like the bank's reputation, image, range of services offered, business hours, parking facilities, recommendations of friends and relatives, fast and efficient service, ability to pay utility bills and financial counseling services are considered more important factors by the male customers than by the female customers while
selecting a commercial bank in Turkey. Furthermore, the bank's location plays a more important role for bank customers under the age of forty as compared with bank customers of other age groups. The study also reveals that bank customers who have studied beyond primary school consider friendliness of bank employees, fast and efficient services, the bank's location, and availability of credit facilities to be more important than do the customers who have studied only up to primary school.  

Kwan, W. and Hee, T.J. (1994). The study attempts to measure service quality in the Singapore retail banking industry of has been carried out to provide bank managers with actionable and diagnostic information for enhancing service quality in their banks. Data were collected through the SERVQUAL instrument. The study finds that the widest gap between perceived performance and expectations is in the dimension of empathy. The study also reveals that the dimension of tangibles shows the smallest gap between expectations and performance. This implies that the physical elements of the bank are perceived to be the least important of the five dimensions. The study also reveals that the customer expectations are the highest for reliability. However, the overall service quality rating by the customers was not very high. The authors suggest that service quality should be measured periodically so as to identify significant trends in it. By identifying the critical dimensions of service quality, bank managers would be able to priorities their efforts and resources, and would be able to deploy them to improve the dimension that matter the most.

Johnston, R. (1995). The paper attempts to identify the determinants of service quality in U.K. banks. The study also tries to investigate whether there are quality determinants that are predominantly satisfiers and others that are predominantly dissatisfies. The results of the study are based on 579 anecdotes that were collected from personal account customers of a major UK bank by using the critical incident technique. The findings reveal that predominantly satisfying determinants are attentiveness, responsiveness, and
friendliness, and the dissatisfies are integrity, reliability, responsiveness, availability, and functionality. Responsiveness is identified as a crucial determinant of service quality as it is found to be a frequent source of satisfaction since lack of it is found to be a major source of dissatisfaction. Contrary to existing literature, the results show that the causes of dissatisfaction are not necessarily the obverse of the causes of satisfaction. Furthermore, reliability is predominantly a source of dissatisfaction and not satisfaction.\textsuperscript{40}

Zineldin, M. (1996). The study attempts to investigate and define the competitive position of Swedish commercial bank. It also identifies the major attributes which bankers and customers use in determining the overall perception of a bank and services offered by it. The survey shows how a particular bank is selected and perceived by the customers in relation to its competitor banks. The study reveals that in Sweden, there is no single bank leading in all financial areas. There are a number of leaders, that is, a leader in terms of deposit base, a leader in terms of loans outstanding base, a largest bank in terms of assets, and a niche leader bank. Functional quality is an important factor in selecting a bank whereas convenience of location, price, and advertising has a minor impact on bank selection.\textsuperscript{41}

Kangis, P. and Vassilis V. (1997). The study reports the findings of a survey conducted on service quality perceptions and expectations among customers of the public and the private sector banks in Greece. Within the context of the methodology adopted, the findings show that quality expectations and evaluation of services received were marginally higher in the case of private sector banks than that in the case of public sector banks. The findings of the survey suggest that banks should look carefully at each of the service quality dimensions where customers perceive receiving a different service than that expected by them. Banks should work on minimizing the gap between expectations and perceptions of service quality.\textsuperscript{42}
Bloemer, J., Ruyter, K.D and Peeters P. (1998). The study investigates the effect of image, perceived service quality and satisfaction on bank loyalty in a retail bank setting. Data were collected from the customers of a major bank in Netherlands. At the global level, the results of this empirical study show that image is directly related to bank loyalty via perceived quality. In turn, service quality is both directly and indirectly related to bank loyalty via satisfaction. The latter has a direct effect on the bank loyalty. At the level of the dimensions, underlying the aforementioned constructs, it becomes clear that reliability (a quality dimension) and position in the market (an image dimension) are relatively important drivers of bank loyalty. Also the study reveals that factors like society driven empathy and customer contacts have an indirect effect on loyalty via satisfaction and quality.43

Edo, S.E., (1999). The study, through a field research, attempts to identify important factors that influence customers’ choice of bank in the urban areas of less developed countries. The research aims at informing banks about the critical factors that would determine their survival in today’s business. The study covered thirty cities and townships of Nigeria. The findings indicate that liquidity, speed of services and secrecy are the three critical factors in the customers’ choice of bank. All the identified factors have the same influence on the both or the individual customers and the corporate customers. This suggests that bank should minimize discrimination in their dealings with both kinds of customers. The author suggests that in this era of increasing competition in the banking industry, banks could survive only if they pay due attention to these factors. A large number of customers would not patronize a bank unless there is sufficient motivation by way of efficient management of the above factors.44

Verma, D.P.S., and Vohra, R. (2000). The study seeks to identify the major factor which determines service quality in banks and spells out the implications of the findings for them. This survey based research reveals that
out of five important features of service quality as perceived by respondents, three relate to the SERVQUAL dimensions of reliability, and one each to responsiveness and empathy. This implies that customers are more concerned with the reliability aspect while selecting and patronizing a bank. Moreover, most of the customers do not pay much attention to the tangibles. Thus, the SERVQUAL dimensions in descending order of importance of the customer of the banks are reliability, responsiveness, assurance, empathy, and tangibles. The author recommends that banks should pay attention to all the above five dimensions.  

Garrard, P., and Cunningham, B.J. (2001). Undergraduates constitute an attractive segment of customers for retail banks in many countries of the world, including Singapore. The research studies a sample of Singapore’s undergraduates to determine the various dimensions that influence their bank selection decision. It also seeks to determine how homogeneous the undergraduates are in relation to their selection decision. Seven bank selection dimensions have been identified in this study. The study reveals that the most important dimension is ‘third party influences’. Responses from those attending engineering courses and non-engineering courses were compared. Responses were also compared between males and females, and single and multiple bank users. More significant differences were found when engineering undergraduates were compared with non-engineering undergraduates. Irrespective of these differences, the ranking of the seven dimensions was invariably in the same order. The author suggests that the study will help bank marketers in designing strategies to attract undergraduates. They were of the view point that the main focus of any marketing campaign in banking industry should be on making students ‘feel secure’ – more particularly, emphasizing the bank’s stability and the ‘good’ return on saving accounts.  

Debasish, S.S. (2002). The study attempts to find the level of service in select commercial banks in Delhi by analyzing their scores on the various
dimensions of service quality. It also attempts to make a comparative analysis of the level of service quality across the public sector, the private sector, and the foreign banks. The study reveals that the foreign banks operating in Delhi provide better service quality (SQ), as compared with the private sector and the public sector banks. Citibank, ICICI Bank, and State Bank of India (SBI) were perceived to deliver better services as compared with the other banks in Delhi. Findings reveal that the public sector banks that account for over three-fourth of the banking business in the country have failed to adequately satisfy their customers. Their cumulative SQ score of 49.94 is much below the expected score of 54.0. On the other hand, there is a close competition between the private sector banks (SQ of 69.77) and foreign banks (SQ of 72.33) for gaining the largest market share by providing excellent service.

Sureshchandar, G.S, Rajendran C, and Awantharaman R.N. (2003). The study investigates the critical factors of service quality as perceived by customers in India. The research compares and contrasts the three groups of banks, i.e., the public sector banks, with the private sector banks, the foreign banks, with respect to the service quality factors, from the perspective of the customers. The results of the study indicate that the three groups of banks in India seem to vary significantly in terms of the delivery of the five service quality factors. From the customer perceptions of service quality, the technological factors (i.e., core service and systematization of the service delivery) appear to contribute more in differentiating the three sectors while the people-oriented factors (human element of service delivery) appear to contribute less to the discrimination. The results also indicate that foreign banks are performing well, followed by private sector banks and public sector banks. The overall service quality indicates the different service quality factors have revealed that in India there is considerable scope for improvement in service quality.

Zhou, L. (2004). The study examines the specific dimensions of the performance only measurement of service quality (SERVPERF) as the
determinants of customer satisfaction of banking services in China. Empirical results support the predictive ability of context-dependent service quality dimensions. The results enhance the validity of the performance-only approach to service quality by focusing on the multidimensional facets of the SERVPERF scale considered as a direct link between context dependent dimensions of service quality and customer satisfaction in an international setting. Strategic issues in managing service quality with retail banks in the Chinese market are also identified.49

Jabnoun, N. and Azaddin, K. (2005). The research attempts to develop a scale to measure service quality in the conventional banks and Islamic banks of UAE. The components of service quality were developed through a brainstorming and sorting exercise. Based on the results of this exercise, the authors developed a 30-item questionnaire comprising of five dimensions of SERVQUAL and two other dimensions named values and image. The questionnaire was distributed to customers of UAE’s conventional banks and Islamic Banks in Dubai and Sharjah. Factor analysis was used to extend dimensions related to service quality. Separate regression models were developed for conventional banks and Islamic banks. These models were analysed and then compared. Findings reveal that factor analysis extracted four dimensions: personal skills, reliability, values, and image as important measures of service quality. Furthermore, results of regression analysis reveal that all the above four dimensions are significant in determining the overall service quality in UAE’s conventional banks. However, values and images are found to be most important of these dimensions. On the other hand, personal skills and values are significant in determining the overall service quality in UAE’s Islamic banks. The paper emphasizes the need to customize measures of service quality to different countries. This is particularly important for multi-national corporations. It also provides guidelines for bank managers in the UAE based on which service quality should be operationalised and evaluated, in order to retain old customers and attract new ones.50
Pushpangathan, (2006). The research study entitled “A Study on the Quality of Customer Service in Public Sector Banks in Kerala.” Emphases on finding the following objectives like variety of services and products offered by the public sector banks in Kerala vis-à-vis the private sector banks and foreign banks in the state and examines the facilities and amenities provided by the public sector and the private sector and the foreign banks. It also evaluates the quality of customer service rendered by these banks. The research design adopted is descriptive in nature. Primary data were collected from both individual and institutional customers of the public, the private and the foreign banks with the help of a structured interview schedule. The sample size of the study was 635 bank customers which includes 550 individual customers comprises of 365 customers from public sector banks, 140 customers from private sector banks and 45 customers from foreign banks, while 85 institutional customers include – 43 from public sector banks, 32 from private sector banks and 10 from foreign banks. The findings reveal that Indian commercial banks offer more variety of products and services than foreign banks. But foreign banks are far better in respect of facilities and amenities. Foreign banks and private sector banks provide better personalized services to their customers than public sector banks.51

Dr. H.C. Purohit, Avinash D. Pathardikar, (2007). The study attempts to evaluate Service Quality Measurement and consumer perception about the services of banking institutions. In order to measure the perception and satisfaction level about the different services of the public sector commercial banks, a tool was prepared with the help of preliminary survey, a questionnaire on different items related to the services of banking institutions was constructed on a 7-point Likert type scale ranging from “Excellent” to “Worst” in all 21 items (attributes) on the five service quality dimensions (SERVQUAL), namely Tangibility, Assurance, Reliability, Responsiveness and Empathy, related to the services of banking institutions and consumer satisfaction with these services was also administered. In all more than 50
users/consumers were interviewed for the purpose from the eastern part of U.P. They were contacted personally and a questionnaire was handed over to those who were come out just after the completion of their transactions in banks. The users of Oriental Bank of Commerce, Bank of Baroda, State Bank of India and Union Bank of India were interviewed. From the study, it is clear that almost all the nationalized banks have same policies regarding the customer dealings, and financial transactions. The perception of the consumers on different banks may differ due to the behaviour of individual employees or officers. Almost all the services were rated as good by the respondents except for loan and interest rate and mortgage facilities. The five dimensions of SERVQUAL were observed as an ideal in all the banks. The slight difference in the reliability of the employees was an exception. It may be due to the transferable service of the employees. As the banks are also conducting quality measurement surveys on routine basis and accordingly improving their policies as per the expectation of consumers. In addition, managements of banks will also need to focus on building awareness and educate the various stakeholders on interpretation of information to assist in the better understanding of banks, its operations and performance.  

Vanniarajan.T and Gurunathan.P (2009). This study has made an attempt on identifying the important demographic discriminators of service quality in commercial banks. The study identifies that the gender, age, income and place of origin among the customers were the significant discriminators of service quality. The study concludes the need of customized marketing strategies for each bank. Certainly the better is that bank marketers understand their customers segments and what is important to those customers segments in terms of service quality is the better their banks will be providing the proper level of service quality.
2.9. Studies Related to Measuring Customer Satisfaction in the Banking Industry

Levesque, T and McDougall, G.H.G (1996). The study investigates the major determinants of customer satisfaction and future behavioral intentions in the retail banking sector. The study identifies the determinants that include service quality dimensions (e.g. getting it right the first time), service features (e.g. competitive interest rates), service problems, service recovery and products used. The study finds, in particular, that service problems and the bank’s service recovery ability have a major impact on customer satisfaction and intention to switch banks. However, the results do not support the view that satisfactory problem recovery leads to greater customer satisfaction or closer ‘bonding’ of the customer with the provider. At best a satisfactory problem recovery leads to the same level of customer satisfaction as when a problem had not occurred.54

Malhotra, M., and Arora, S. (1999). The study investigates the level of customer satisfaction in the public sector banks and the private, with the purpose of helping bank managements to formulate marketing strategies to attract customers towards them. The exploratory study was done by collecting data from the cities of Amritsar, Ludhiana and Chandigarh. Twenty attributes were taken into consideration for measuring the level of satisfaction/dissatisfaction. The study found that there are six factors determining satisfaction of customers of public sector banks. The factors, in order of their importance are routine operation factor, price factor, situation factor, environmental factor, technology factor, and interactive factor. Similarly, for customers of private sector banks, the factors found to be important are staff factor, routine operations factor, service factor, environment factor, interactive factor, promotional factor, and situational factor. Moreover, factor wise average scores of these factors reveal that there is a significant difference between the satisfaction level of the customers of public and the private sector banks. The latter are found to be more satisfied. A few strategies suggested by
the authors to improve service quality are proper training of the staff, conducting market surveys periodically, personalizing the service, avoiding long queues, having well lit, ventilated and clean surroundings.  

Armstrong Robert W., and Seng T.B. (2000). The study extends the current understanding of customer satisfaction at the business-to-business level in the Asian banking industry. It incorporates guanxi (Chinese business relationship), relationship marketing and the disconfirmation paradigm. The research highlights the importance of relational constructs and disconfirmation paradigm in influencing customer satisfaction at the business-to-business level in the Singapore banking industry. At the business-to-business level, in the Asian context, the disconfirmation paradigm is still the predominant paradigm influencing the customer satisfaction process. Relationship marketing and guanxi are significant in the comprehensive model of corporate customer satisfaction. Relationship marketing is found to have both a direct and an indirect impact through disconfirmation) on corporate customer satisfaction. Guanxi is found to exert an indirect impact on satisfaction as opposed to the initial hypothesized direct impact on satisfaction.

Athanassopoulous, A., Gounraris, S. and Stathakopoulos V. (2001). The paper investigates the behavioural consequences of customer satisfaction in the banking industry. The authors examine the impact of customer satisfaction on customers' behavioural responses. The findings indicate that when customers assessed customer satisfaction to be high, they either decided to stay with the existing service provider or subdue their negative behavioural intentions. Customer satisfaction is also found to have strong positive association with word-of-mouth communication. The research results confirm prior research and indicate that the customer satisfaction dimensions are not only industry specific, but also country specific. The authors suggest to develop strategies to enhance behavioural responses to customer satisfaction and prohibit negative ones. Such strategies can include meeting customers
desired service levels, preventing service problems from occurring, dealing effectively with dissatisfied customers, solving service problems effectively when they occur, and dealing with customer complaints positively.  

**Jamat, A. and Naser, K. (2002).** The paper reports the findings of a survey that looked into the impact of service quality dimensions and customer expertise on satisfaction. Customers of Abu Dhabi Commercial Bank (ADCB), UK were chosen as respondents for the study. Findings indicate that both the core and the relational dimensions of service quality appear to be linked to customer satisfaction. It is also found that expertise is negatively related to satisfaction. Furthermore, findings also indicated that there exist some demographic differences in the way respondents expressed their satisfaction with the Bank. Based on the outcome, it is suggested that education level and income level are important factors in determining customer satisfaction. The research, however, could not establish a relationship between the tangible dimension of service quality and customer satisfaction.  

**Panther F. and Jillian, J. (2004).** In spite of a number of researches suggesting that services elicit greater dissatisfaction than products, service dissatisfaction has been less widely researched than product dissatisfaction. Although responses to dissatisfaction such as exit and voice have been investigated, the loyalty response to dissatisfaction has been largely overlooked. To address this lacuna, the authors conducted a preliminary research study into customer dissatisfaction and loyalty with financial services. Research was conducted in two phases: to analyse dissatisfying experiences and to analyse consumer decisions to switch or stay with the current provider. The study finds that the most commonly cited reason for staying with a financial services provider is the perceived costs involved in switching or, putting it more colloquially, 'the hassle factor'. Differences between customers who stay and switch are also revealed in the study.
Pont, M. and McQuilken, L. (2005). The study investigates the relationship between customer satisfaction and behavioral intentions within the Australian banking industry for two distinct customer segments, and university students. Customer satisfaction is an important indicator for customer loyalty, and numerous studies have identified the benefits that customer loyalty delivers to an organization. Nevertheless, research also suggests that satisfied customers still defect. Results indicate that there is no significant difference in the satisfaction level of either group. However, there are differences with respect to two, three, four and five behavioral dimensions of intentions: loyalties pay more and external response. The authors suggest that management should initiate service policies aimed at securing improvements in customer satisfaction. However, there are other constructs besides satisfaction at work in determining behavioral intentions.

Silky Vigg, Garima Mathur, Umesh Holani, (2007). The study attempts to measure customer satisfaction in retail services: A comparative study of Public and Private Sector Banks. The study is based on both primary and secondary data. Personal interviews have been conducted with the managers of Gwalior region (Branch Managers, Marketing Managers, and Operations Manager) and of various public and private sector banks to elicit the relevant information. Administering self-made questionnaire to the sample units (customers of banks in the Gwalior region) generated the primary data with regard to customer satisfaction levels of public and private sector banks. In the study, non-probability sampling (convenience sampling) method has been used. Direct interview technique has been adopted in the process of collecting primary data. A sample of 100 customers has been selected for the purpose of this study. Moreover from the findings of the study it can be concluded that both the public and the private sector banks should aim at satisfying the customers by providing maximum features in their banking services.
Dr. Ramesh H Taxak, Manjeet Kaur (2009), The main aim of this research is to assess and re-assess how customers perceive banks services, what are the emerging customers expectations and to study customer satisfaction level with banking services provided by the public and private sector banks. A sample of 200 respondents had been drawn from the various socio-economic strata, at different designation and having different educational qualification, and belongs to different age group on the line of convenience sampling method. On the basis of foregoing analysis, was concluded that public sector banks provides better services to their customers than private sector banks. The customers of public sector banks are more satisfied with traditional banking services and bank accounts as compared to private sector banks whereas customers of private sector banks are more satisfied with counter services provided by the bank.

Ashok Kumar. M, Rajesh. R. (2009), The study is undertaken with the objective of ranking the banks on the basis of satisfaction and to find out the problems faced by the present day customers with the bankers and to suggest suggestions for better working of the banking services. The study is restricted to Coimbatore city only. The sample size is 105 customers of SBI and its group, random sampling method is adopted for the research. The study finding reveals that 50% of the customers interested in Sunday banking operation, Bank should undertake adequate steps to CBS to customers, 51% of the respondents felt that infrastructure has to be extended. A major percentage of the respondents are not satisfied, specifically with regard to technology enabled services.

2.10. Studies Related to Evaluating Customer Service in Banking Industry

Brahmanandam, G.N., and Narayana M.S. (1990). The study examines the extent of customer satisfaction with the services of bank and gives some suggestions to improve the service quality in banks. Exploratory
research, covering 400 respondents, was undertaken in the city of Guntur, Andhra Pradesh. The study reveals that respondents are satisfied with the facilities like opening an account, punctuality of opening the counters, withdrawing of cash, cheque book operations, depositing cash, collection of cheques, encashing demand drafts. The authors state that there is still scope of improvement in banking operations. To bring further improvements, there is need to have attitudinal change in the bank staff towards providing good customer service. Frequent contacts with customers by responsible staff members would go a long way in improving the bank-customer relations. The study stresses that there is need for analysis of individual customer behaviour to gain insight into the psychological and social aspects of the issue of customer satisfaction.64

Research Report, (1991). The study reveals the changing dimensions of banking in India. According to the report, the Indian banks had been operating in seller's market. Until today, there has been no integrated, unified, and organized effort in India to study customers' need in all its aspects. With the nationalization of commercial banks, public expectations have increased; operational dimensions of banks have increased manifolds. And thus, there is need for research for assessing various needs of customers and the means of providing appropriate and timely response. Quality and job knowledge of bank personal also influence customer service. 'Playing safe' attitude of staff sometimes caused dissatisfaction of customer.65

Avkiran, N.K. (1994). The author attempts to develop an instrument for measuring customer service quality at trading bank branches by integrating both non-controllable and controllable potential variables. The predictive model in the study uses the key business drivers of a major trading bank as dependent variables. The independent variables were theorized potential variables that measure the capacity to generate retail business. A robust research design takes the study through multiple stages of development where the instrument is pre-tested and piloted. According to the author, the
instrument can be applied to evaluate branch performance. It will also help to diagnose problems in the delivery of services.\textsuperscript{66}

**Srivastava, A.K. (1995).** The study presents results of a survey to evaluate customers' perception regarding services offered by banks in Chandigarh. Data were collected from the customers of four premier nationalized banks of the city. The objectives of the study were to identify the critical areas where customer dissatisfaction is high and to suggest remedial measures. The study reveals that problems faced by the depositors could be categorized into behavioural problems and procedural problems. On procedural aspects of banking, the study finds that delays in opening an account and time delays for carrying out transactions, especially, completion of pass book, depositing cash, withdrawing cash, encashing of FDR, crediting outstation cheques are some of the services where the respondents are found to be highly dissatisfied. It has also been noticed that respondents are not happy with the behaviour of bank employees. Working conditions and work culture are other critical areas with which the respondents are dissatisfied. The author suggests that banks should adopt a marketing approach to achieve their objectives. Identification of needs of the customers (on individual, corporate, government basis), regular meetings with customers, training programmes for employees, creation of customers complaint cell, are some of the other remedial measures which would help banks improve their services.\textsuperscript{67}

**Rai, O.P., and Devi. G. (1995).** The study attempts to find out the perception that customers have about services offered by banks. It attempts to explore the factors that would indicate the directions in which the banks should move and restructure themselves to improve the quality of their customer service. The study was conducted in 26 branches of banks in rural and semi-urban areas of Andhra Pradesh. The study reveals that only 2.42% of the customers term the banking services as 'excellent' while 18.39% rated the services 'very good'. Around 71.13% rated the services as 'good' and 8.06% could not resist terming that the branches have to cover a long distance
to make their services excellent. The author suggests that computerization of branches should be urgently adopted, facility of ATMs and mobile banking should be provided to customers. In addition, there is need for simplification of rules, systems and procedures of working.

Reddy, B.R. (1997). The paper attempts to study customer service in banks by analyzing physical facilities, account operations, cheque operations, draft operations, money transfer, bill payments, and perception of staff behaviour and image of the bank. The author expresses his view that the services in the banks are not up to the mark and there is a lot of scope for improvement. The study also points out that improvement in the marketing of services only in the banks would not serve the purpose. There is also a need for building and maintaining relationships for the survival of the industry. It was believed that marketing of services and provision of the best services satisfies the consumer. Thus, relationship of trust is a key to profit. The paper stresses that only those banks would survive which would give quality service to customers and which believe in long term relationship management.

Avkiran, N.K. (1999). The Study investigates the interrelationship between the factors comprising bank service quality with the help of path analysis. Data were collected with the help of service quality instrument developed by Avkiran and referred to as BANKSERV. Which measured service quality as perceived by the customers. In the study, credibility is modeled as an outcome of the causal variables staff conduct, communication and access to teller services. Staff conduct emerged as the key variable in BANKSERV, explaining the direct and indirect linkages between the casual variables and the outcome variable. The research finds a strong direct linkage between access to teller services and staffs conduct, thus highlighting the important role of staff-customer contact in the branch. In the opinion of the author, those who argue in favour of replacing staff by various cost-effective technologies might well be undermining the essence of successful customer service, which invariably involves human contact. The author, therefore,
suggests that it is necessary to provide adequate number of staff to provide service to the customers. Training should be given to staff so that they should be responsive and professional in their conduct.  

Lewis, R.B, and Spyrakopoulos S. (2001). The study investigates the reasons for service failures in the Greek banking industry. Different types of failures, and the recovery strategies used by Greek banks were identified using the Critical Incident Technique. A survey questionnaire was then developed to measure customer's perception of the magnitude of service failures and the effectiveness of service recovery strategies. The data provides evidence of several types of service failures, representing both the outcomes measures of service provision, (such as lack of reliability and mistakes) and process dimensions of the banking industry (such as poor interaction with a bank employee). Further, it appears that different service recovery strategies are more effective for particular service failures, and also there are some service failures which are more difficult to recover. These failures are of varying importance, although less important failures become more important when a customer actually experiences them. Additional analysis of customers' evaluation of recovery strategies provided some indication of more and less demanding customers.

Elumalai, K. (2002). The author stresses that improvement in customer service is one of the key factors to improve productivity in the banking industry. According to him, customer service does not mean merely service with a smile. It means improving productivity, reducing costs and tuning up efficiency, while under pricing those services which are not liked. To improve customer service, banks should adopt innovative techniques like computerization of branches, customer education, formation of customer service committees and human resource developed through training programmes. It would be the principal endeavour to bring down costs, so that competitive and efficient survival and success are ensured. Banks in the
Public sector have a greater responsibility since public orientation is the very reason for their existence.\textsuperscript{72}

\textbf{Dr. Neeraj Kaushik (2009).} The present study is an empirical research to study the factors influencing customers and the differences in these factors as perceived by the customers of public and private sector banks. Factor analysis revealed five factors and results of analysis of variance (ANOVA) indicated that while gender, qualification of the respondents and association with bank have no significant effect on various factors. These factors differ significantly on the basis of age group, income level of respondents and type of banks.\textsuperscript{73}

\textbf{2.11. \textit{Summary}}

The second chapter review of literature exposes the existing literature by discussing service marketing, defining and measuring the service quality and reviewing the earlier research studies relating to service quality, customer satisfaction and customer service in banking industry. The following observations in this chapter are worth mentioning.

1. Pioneer research in this area service marketing by George and Barksdale (1974) identified several distinct differences between the marketing of “service” firm and “manufacturing” firms.

2. The principle study by Zeithaml et al (1985) fostered a direct relationship between customer satisfaction and service quality and broadened the unique characteristics of service providers. Their research was significant in that it highlighted the differences between manufactured products and service products, and it introduced the inter relationship between customer service and customer satisfaction through the measurement of gaps.

satisfaction and service quality. From their conclusions, it is implied that service quality is an input and customer satisfaction is an output. To conclude that there is a consensus among the various researchers that service quality and customer satisfaction are two different constructs they can still have common indicators.


5. An attempt to address the issue how to measure service quality, Parasuraman et al. (1988), developed ten dimensions scale and further studies by Parasuraman et al. (1988) brought about a major modification that Ten dimensions is changed into Five dimensions called SERVQUAL. Teas (1993) also found serious objections to SERVQUAL and Cronin, Jr. and Taylor (1994) also found fault with SERVQUAL and developed a new scale called SERVPERF.

6. Many different models have been developed to explain and measure service quality in different settings of business operations. The GAP model was proposed by Parasuraman, A., Zeithaml, V.A and Berry, L.L in 1985. This model propose that service quality is the difference between expectation and performance relating to quality dimensions. These difference are referred to as gaps. Another model Performance
only model or SERVPERF Model by Cornin and Taylor (1992) proposes that performance instead of performance and expectation determines Service Quality. Yuksel and Rimmington (1998) also suggest that performance only is the most reliable and valid measure of satisfaction.

The review of earlier research studies from 1990 to 2010 relating to service Quality, customer service and customer satisfaction in banking industries denotes only one study uses the SERVPERF scale developed by Cronin, Jr. and Taylor 1994 and it reveals only few studies are conducted in India relating Banking Service Quality and Customer Satisfaction particularly in the south India. Especially in the state of Tamil Nadu very less number of studies conducted relating to this area of research.

REFERENCES


