CHAPTER–6

CONCLUSIONS, MAJOR CONTRIBUTIONS AND SCOPE OF FURTHER WORK

6.1 Conclusions :

Service quality and its dimension were studied by different authors since years. But direct relationship between service quality and customer satisfaction, retention, loyalty and commitment were not studied. In this doctoral research, an attempt was made to establish bridges between the factors of service quality and customer satisfaction, retention, loyalty and commitment in Indian Banking Sector. For the purpose of research, four banks (SBI, PNB, ICICI, HDFC) were selected based on the basis of market capitalization. Firstly, various factors were extracted for all the four banks separately and an empirical model of service quality was developed based on it. Confirmatory Factor Analysis was used to validate the model.

Data was collected from the customers of four banks and hypothesized relation was established between the factors of service quality and customer satisfaction, retention, loyalty and commitment. The result of the analysis stipulates that not all the factors of service quality contribute to satisfy the customer, retain them and make them loyal & committed to the bank. In the chapter of the findings major contributing factors of service quality and its impact of customer satisfaction, retention, loyalty and commitment were discussed.

Demographics of the customers were also taken into the consideration for the purpose of study. How demographic variables has impacted in forming the perception of the customers were discussed and lastly, through statistics, overall service quality of all the four banks were identified and banks were given rank based on it. This chapter includes implication of the study, limitation of the study and recommended directions for future research.
6.2 Major Contribution:

6.2.1 Theoretical Implication

Based on the research objectives, constructs studied – service quality, customer satisfaction, retention, loyalty and commitment has contributed to the theory as follows:

- The major contribution of this research is in the area of understanding the factors of service quality pertaining to the Indian Banking Sector. Theoretically, this research has contributed to the existing body of knowledge pertaining to the factors of service quality by incorporating new information through qualitative research. An empirical model of service quality has developed and it has added richness to the service quality constructs studied so far in the context of Indian Banking Sector.

- Various literatures have shed a light on the relationship between service quality and customer satisfaction, retention, loyalty and commitment. However, there was lack of study on identifying the factors of service quality and its impact on customer satisfaction, retention, loyalty and commitment in the context of service quality. With empirical models of service quality developed for all the four banks provide more an inclusive picture of service quality. Utilizing this model has helped the researcher in studying its relationship with customer satisfaction, retention, loyalty and commitment.

- With an advent of twenty first century, the world economy is changing rapidly and it has a deep impact on our economy also. In the past years, radical changes have been observed such as new licensing policies for operating in Indian Banking Sector. This will allow new players to explore the opportunities offered by banking sector in India. Therefore, it was essential to study the service quality model in the context demographic variables of the customers. Consequently, this thesis contributes to the body of knowledge that how customers perceive towards the service quality of the Indian banks based on their demographics.
6.2.2 Managerial Implication

As our economy is dominated by the service sectors & banking has been one of the leading contributing industry and hence service quality is a key instrument for the banking players to differentiate themselves from others. This indicates the importance of the service quality as an important construct for banks. Higher service quality facilitates the bank in satisfying the customers, retaining them and making them loyal & committed to the bank. So this study has the following implication for banks:

- It is very much essential for the service providers in the banks to understand the role and importance of the service quality. This thesis reveals the fact that, employees of the bank are the key contributor in offering good service quality as they are the representatives of the bank. So it is recommended to the banks to design comprehensive training programme for employees in dealing with the customers by being prompt in offering the service and solving the problems, pleasing and courteous while communicating with them. With the use of empirical model of service quality developed in the thesis, banks will be able to identify which factors of service quality best accommodates them.

- Physical evidence & Interior Signage have also emerged as another important factors in attracting, satisfying and retaining the customers. So, it is strongly recommended to the service provider to pay more attention in getting out of the brick and mortal layout of the bank and give modern look to the bank. This will make services more effective. It is very much difficult to differentiate the service in banking. Thus focusing on the these factors, bank will be able to create its unique position in the mind of customers. As banks are majorly govern by Reserve Bank of India but banks are given autonomy to decide on the service products such interest on the loans and fixed deposite. Considering these factors, bank can distinguish itself very well from others.

- Studying the factors of service quality will help the service providers to better understand how customers have perceived about the service quality of all the four banks and how it has impacted on customer satisfaction, retention, loyalty and commitment. Thus service provider can formulate the strategy according and make necessary changes in the certain factors of the service quality in order to satisfied the customer and retain them with the bank as well as make them committed and loyal to the bank. Almost analogous factors have been extracted in all the four banks except
one factor (Accomplishing of promises) of PNB that depicts unique of that factor. Therefore, this factor structure of service quality is valid for the public & private sector banks of India.

- The major finding shed the light on the fact that customers of public sector banks are more satisfied, loyal and committed to the bank. Customer retention is also higher in public sector bank. Thus, the factor structure of the service quality can help the private sector players to formulate strategy based on the factors identified and validated the proposed research model.

- Demographics analysis has presented comprehensive picture of the customer profile. This will help the bank to focus more on certain segment of the customers and offer them the services focusing more on the factors preferred by them. Lastly based on the ranking given by the customers, bank can use the service result to formulate or redesign its policies in order to improve the service quality.

6.3 Limitation of the study:

Although the findings of the study contribute to the body of knowledge, there are certain limitations of the study as follows:

- Banking sector was chosen for the purpose of the study in Gujarat. The study has focused on the customers of the four major cities of Gujarat and they were from the four banks – SBI, PNB, ICICI and HDFC and this restricts the generalization of the study.

- An empirical model of the service quality developed in the thesis contains the factors pertaining to the four banks taken for the purpose of the study. There may be several other factors of service quality that may have impact on customer satisfaction, retention, loyalty and commitment and hence this lead to another limitation of the study.

- Respondents’ error may subsist in the study (Malhotra & Das (2005). Respondents’ may not be able to fill out the entire questionnaire due to certain reasons.

- As rapid changes are observed in the banking sector and this may led to the change in the customer’s perception about the service quality of the bank. Shift in the customer perception also occur due to change in the variables such as age, income and occupation and hence this research can be replicated in the future.
6.4 Direction for future research:

- Four major cities of Gujarat were taken for the study. The service quality model built with the factors in the thesis can be used to study service quality in the rural banking.
- As generalization was one of the limitations of the study, therefore the similar study can be imitated in other geographic areas of the country at a larger scale.
- The study has focused on the general services offered by the bank. Future research may be conducted in the different types of the banking services such as corporate banking, international banking, and government banking to see whether the empirical model of the service quality developed in the study is consistent in the different services.
- Only public sector and private sector banks were taken for the purpose of study. The service quality model can also be examined in other sectors of banks such as foreign banks, cooperative banks, scheduled banks etc.
CHAPTER–7

BIBLIOGRAPHY


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