CHAPTER 3

RESEARCH DESIGN
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3.1 Research Design:

In the former chapter, the literature was reviewed with regard to service quality and its significance in the banking industry. The present chapter’s purpose is to identify the importance of the study, research problem and hypothesis, scope of the study, objectives, methodology of the study, method of data collection, data analysis with the help of appropriate statistical tools and operational definitions of the key concepts used in the study.

Research design can be likened to a kaleidoscope meant to unearth a ‘different reality’ based on the way it is used. Any change in the way a methodology is used effects the outcome. As presented in the literature review, customers are the significant source of attestation of the service quality of their banks. Bankers can also confirm to service performance of their banks. However, perception between providers and receivers may differ on variety of grounds.

To align the perceptions of customers and bankers on services, it is important to link service performance and service quality using customers’ and bankers’ viewpoint. Therefore, data for the present research was collected through a survey of both employees and customers.

To test the hypothesis and answer the research questions, the research was designed to assess the relation of the perception of customers and bankers’ perspectives. To assess service performance its relation to service quality, it is prudent to collect information from both customers and bankers. For this reason, two sets of self-administered survey questionnaires were used for collecting the opinions of both customers and bank employees on the service quality.

The primary data required for the study is accumulated using the following instruments

**Instruments:**

The major aim of this study is to find out the Malwa Punjab customers perception of service quality and the possible impacts on consumer satisfaction in retail banking.

Data collection instrument consists of following parts;

1. Demographic information of the respondents,
2. Bank service quality questionnaire executed on both the customers and employees.

The authors based on the services marketing literature (Carman 1990; Cronin and Taylor 1992; Parasuraman, Zeithalm, and Berry 1988) and bank marketing literature (Bahia and Nantel 2000; Levesque and McDougall 1996) developed items of bank service quality questionnaire (BSQ).
The questionnaire was drafted from the literature review as well as from the in-depth interviews with the professionals in banking sector and managers to establish face validity of the items.

In 1988 Parasuraman and his colleagues designed SERVQUAL into five dimensions, 22 items questionnaire which became the most popular service quality instrument and considered as the basic dimensions of service quality. The five dimensions are Tangibles (physical facilities, equipment, and appearance of personnel), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence) and empathy (caring, individualized attention the firm provides its customers).

However, there has been considerable debate as to the basic dimensions of service quality and the measurement of these dimensions as a gap between expectations and performance (Brown, Churchill, and Peter 1993; Cronin and Taylor 1992) and the components of customer satisfaction. (Levesque and McDougall 1996.)

In retail banking, research has shown that customer satisfaction is also related to the service features like convenience and accessibility, the convenience of the banks’ offering impacts a customer’s overall satisfaction and location is found as major element of bank choice (Devlin 2002; Lewis 1991). While acting together with convenience, accessibility is also related with satisfaction and enables customer to do business with their banks more easily (Devlin 2002; Jamal and Naser 2003; Levesque and McDougall 1996; Lewis 1991).

In total the Customer Questionnaire had 31 items and perception & satisfaction was measured. The responses were measured on a Likert scale ranging from 1=strongly disagree to 7=strongly agree. The employee Questionnaire had 40 items and perception & satisfaction was measured. The responses were measured on a Likert scale ranging from 1=strongly disagree to 5=strongly agree.

**Growth of retail banking:**

Retail banking in India has grown at a speedy pace in recent years as a number of customers continuously trusted upon the new banking products offered under the retail banking. Moreover, retail banking has broadened the scope of technology and internet by introducing various services related to information technology and electronic data processing. With a contribution of 14% to the national GDP and employing 7% of the country’s total workforce in banking, the retail banking has came out as the fastest growing banking sector in India. It has originated from
a time when the mindset of a traditional middle class Indians used to be loan averse, which preferred managing under their thrifty means, to the current generation which doesn’t hesitate in taking loans for spending. The changing consumer demographics has pressurised to create a distinguished platform based on latest technology, improved service and banking convenience.

**Significance of the study:**
The banking and financial services sector in India is in a state of inevitable and fastest transaction. The market for banking products and services has become more competing than earlier, particularly for products and services in retail banking. It is facing challenges due to high competition, changing market structure, risk and uncertainty, dynamic environment and demanding customers.

So, in order to establish marketing strategy, the service marketers, especially bank marketers need to be attentive about the service dimensions that are used by customers in selecting banks. If marketers can understand which dimensions are used to examine a service, they will be better able to manage and influence the customer’s evaluations and perception of the offering. Perceived quality of service aims to play a significant role in high involvement industries like banking sector. Banks have conventionally placed a high value on customer relationships with both commercial and retail customers. Customer service is one of the key parts of the banking industry. Therefore, the study undertaken in this area is of much significance for the banking industry.

**Statement of the problem:**
Prior to nationalisation, banks under private sector determined only those who could afford to give security, were loan worthy. This practice faded once banks were nationalised. In other words security oriented concept gave place to purpose oriented concept. As a effect banking habit among the citizens grew leaps and bounds. The branches of banks dispersed over the length and breadth of country generated banking habit all over our country. A paradigm shift in banking practices took place after 1990 when banking operations were digitised. The new Indian private sector banks with the intensity of technology revolution the banking practices by adding easy accessibility to the customers and by churning out creative banking products. The banking scenario faced hectic competition after 1990. Now banks compete with one another on quality front in the context of complete digitalization of banking operations. In this framework the concept of service quality assumes greater significance, Present Customers as well as potential,
rate the bank on quality parameters. Hence, knowledge about the perception of consumers about quality concerns would help the bank to alter their operations in line with the expectations of the consumer. In this environment an examination is undertaken to ascertain in whether banks in Malwa Punjab actually assesses up to the expectation of customer in retail banking sphere; if not, what factors hinder providing the effective service; and how to fine-tune the services in line with the expectation of customer comprises crux of the research problem.

3.2 Scope of the study:
The study is confined to selected districts of Malwa Punjab (Fazilka, Shri Mukatsar Sahib, Bathinda, Sangrur, Barnala). Banks providing service outside the same are not covered in this study. Foreign banks and cooperative banks are beyond the purview of the study. Though there are more number of service quality dimensions, five familiar service quality dimensions namely tangibility, reliability, empathy, assurance and responsiveness only are analysis in this study. Moreover, the study is confined to five public sector banks namely State Bank of India, Bank of Baroda, Punjab National Bank, Bank of India, Canara bank and five new Indian private sector banks namely ICICI bank, HDFC Bank, Axis Bank, Yes Bank, Kotak Mahindra Bank.

3.3 Objectives Of The Study:
1. To identify and analyze various variables related to service quality of retail banking products influencing the level of customer satisfaction in select Public and New Indian private sector bank.
2. To analyze the significant difference in working environment of Public and New Indian Private sector banks.
3. To study the gap between the perception of customers on identified service quality parameters.
4. To analyze the significant influence of internal service quality on employee job satisfaction.

3.4 Hypotheses:
Based on proposed objectives mentioned earlier, a set of hypothesis are developed to empirically address the research in question.
H01: There is no strong association between service quality variables and customer satisfaction.
H02: There is no significant difference in working environment of Public and New Indian Private sector banks.
H₀³: There is no strong association between perception of service quality and demographic profile of customers.
H₀⁴: Internal service quality has no significant influence on employee’s job satisfaction.

3.5 Research Methodology:
The study bases itself on primary data collected by using the SERVQUAL model for ascertaining the service quality of retail banking in India. The information has been elicited through a field survey by means of a well designed questionnaire comprising of queries on the various service quality attributes and their dimension as identified and contained in the SERVQUAL. The questionnaire has been administered on a randomly selected sample of customers availing retail banking service from the private and public sector Indian banks. The spread of survey covers four districts of the State of Punjab.
A blow-up of the methodology adopted for primary data collection is presented below.

**Universe:**
The universe or population represents the entire group of units concerned with the particular study. In the present study all the customers of banks in India are considered as Universe. These are the customers who have their accounts in different banks whether it is Public Sector Banks or new Indian private sector banks. The universe of this study is specifically concerned with those customers of banks in India who are availing services of the retail banking segment.

As the collection of complete data from all the customers in the universe is not possible, a select sample of geographical areas as well as of customers is chosen for data collection for this study. The study is confined to Indian Banking Industry. Hence, the universe of the study is banking industry of India.

**Population:** Public & New Indian private Sector banks of Malwa Punjab(Customer and Banker).

**Sample Size:** 400 Customers from Public & New Indian private Sector banks and 50 Employees in total 5 from each Bank.

**Sample:**
Sample represents the subject of population. A sample is a finite part of a statistical population whose properties are studied to gain information about the whole. When dealing with people it can be defined as a set of respondents (people) selected from a large population for the purpose of a survey.
For this research, samples have to be taken since it is not possible to cover such a vast State as Punjab on account of impediments of time, finance and other resources required for the purpose. Hence, the geographical area for the survey as well as the bank customers (respondents) to the questionnaire have been selected in such a manner that the whole Punjab is represented and the conduct of research work gets convenient in handling and possible for completion. Respondents have been drawn from the 5 districts to a manageable handling limit of 517, of which 400 responded completely. The selection of these respondents is at random. This mode of selection rules out any bias creeping into the option survey and lends lot of credence to the outcome of the study.

**Sources of data:**
The sources from where one can get the required information needed to pursue research and to meet the objectives of study are of two types, viz, primary sources and secondary sources.

**Primary sources:**
When available sources of data fail to give the needed information or updated information or current information, one will go for primary sources, i.e., directly getting information from the people who are currently using the service or potential users of the service.

In the present study to know the perceptions of the customers using the banking services and to know perceptions of potential customers, the researcher chose to collect the primary sources of data. The information is gathered from the customers and from potential customers using a questionnaire about their perceptions and satisfaction levels with regard to various services in the bank and the same is used to make meaningful conclusions.

To collect primary data, survey method was chosen because of the need to get details from a large number of respondents. The research instruments intended for the collection of data was the structured questionnaires and interviews. Structured questionnaires was designed separately for customers and bankers. Questionnaires consisted of open as well as close ended questions. Interviewer administered questionnaires was well planned for this study as this method facilitates the collection of data with proper clarification of questions.

The variables intended to study through questionnaire was:

- Demographical variables like Gender, Age, Income, Education, Occupation etc.
- Customer satisfaction with respect to Service, Staff, Promotion, Environment and Technological / Innovation factors, Process, Productivity etc
Secondary sources:
Before going in for primary data one need to go for the secondary information i.e., the information collected for some other purpose and is used for this research purpose.
The information obtained from secondary sources along with the information collected from primary sources is used to make meaningful conclusions.
The sources used include banking regulatory authority reports, RBI reports and banking Chronicles, other management journals, various banking websites, newspapers like the Hindu, economic times, and business line. The business related magazines include business world, business today etc. this will help to study different banking organizations and their lookout for banking business which will help in making suggestions.

Response:
Customers of the banks gave a highly encouraging response. About 517 questionnaire have been distributed out to cover the sample size of 500 out of which 400 completely filled questionnaire have been received from the different customers of the banks.

3.6 Data Collection and Sample Size
The size of the sample depends on the type of information required from the survey, and the cost involved. This means calculating beforehand the degree of accuracy required in the results of the survey. Some attributes may be more critical than others, and the degree of precision over these should be known. Careful thought should be given to time-constraint. Cost and accuracy are closely linked with the time taken to complete the survey, and to some extent there is bound to be conflict. Considering all these factors, the sample size of customers was 400 from New Indian Private sector and Public Sector like at different location. In addition to these 50 bankers working at different levels of hierarchy from the respective banks was also form the sample. Random sampling technique and cluster sampling technique was used to make the selected sample more representative.

Cluster sampling is a technique in which clusters of participants that represent the population are identified and included in the sample. Cluster involves cluster of participants that represent the population are identified and included in the sample. The main aim of cluster sampling can be specified as cost reduction and increasing the levels of efficiency of sampling.
A major difference between cluster and stratified sampling relates to the fact that in cluster sampling a cluster is perceived as a sampling unit, whereas in stratified only specific elements of strata are accepted as sampling unit.

**Application of Cluster Sampling:**
1. **Select a cluster grouping as a sampling frame:** all 18 districts of the Malwa Punjab represent the sampling frame for the study.
2. **Mark each cluster with a unique number:** number each district from 1 to 18.
3. **Choose a sample of clusters applying probability sampling.** Using systematic random sampling (or any other probability sampling), Researcher has chosen 5 districts from the total 18 districts.

The current study is based on primary and secondary data. The secondary data are the articles and reviews collected from various journals, books and other published works. The primary data are the views of the customers of new Indian private and public sector banks about service quality of retail banking as well about their loyalty and satisfaction with banks. The sample respondents for data collection are bank customers of 4 districts of Malwa Punjab. As the bank customers’ population is very large and infinite, determining an efficient sample size is of great significance. The sample respondents for survey are part of sub group in a large population which help make inferences about the characteristics of the large population. Since it would neither be possible nor practicable to study all customers and staff of banks.

The instrument used for data collection is a well-designed and well-defined questionnaire carrying the statements measuring various aspects of service quality and customer satisfaction in addition to questions for measuring demographic characteristics of the sample respondents. A 7-point Likert type scale is adopted to measures the opinion of the respondents about the above mentioned aspects of the study.

**Measurement of variable:**
The quality of retail banking services provided by banks is measured using a scale consisting of 31 items with values ranging from 1 for ‘strongly disagree’, 2 for ‘Highly disagree’, 3 for ‘Disagree’, 4 for ‘Undecided’, 5 for ‘agree’, 6 for ‘Highly agree’ and 7 for ‘strongly agree’. To ascertain the factors that are likely to be considered by the bank customers while perceiving the service quality in retail banking, a measurement scale with 31 items is used. The values for the
respondents’ opinion against the scale is also between 1 and 7 (strongly disagree and strongly agree).

3.7 Statistical Tools:
Descriptive statistical analysis has been done in this study using mean, frequency, and percentage for demographic and other characteristics. The research findings has tabulated and illustrated with the help of bar diagrams, pie charts and other graphical representation tools. The hypothesis tested using advanced statistical analysis for data reduction. Analysis has been done using traditional statistical techniques as well as modern statistical packages like SPSS. The statistical tools used in the present study range from descriptive statistics to multivariate statistical techniques for analysing the primary data collected from 400 respondents. The details of the statistical tool are mentioned below:
1. Simple percentage
2. Mean
3. Standard deviation
4. Rank Analysis
5. one sample t-Test
6. Chi-square Tests
7. Cronbach’s coefficient alpha reliabilities

3.8 Period of study:
Since this study is mainly based on primary data, it was collected for a period of nine months from 1st Jan 2015 to September 2015.

3.9 Collecting the Information:
Great care was taken in conducting and distributing the questionnaires so that the respondents give their valuable responses for all the questions. Whenever the respondents were not getting about the wording of the questions, they were made clear about the question so as to reduce the error that might have come because of understanding the question in a different manner than in a manner in which the researcher wants them to understand.

3.10 Processing and analysis:
The data collected through the survey method and other sources is processed and analysed as follows:
**Editing:** The duty of the editor is to ensure that the data requested is present, readable and accurate. The data was investigated to detect error and omissions and the same was corrected. Thus the data which is precise and consistent with the other facts was collected and was well arranged to simplify coding and tabulation. Field editing was done most of the time and central editing was rarely made use of.

**Coding:** The numeric value were assigned to answers so that the various categories respondents can be put into a limited number of categories. Most of the coding related decisions were taken at the designing stage of the questionnaire and provided this support to the researcher a lot in tabulation.

**Classification:** the data which has in large volumes deduced into homogeneous groups to get the relevant relationships. Classification was done on the basis of age, income, type of bank, profession, etc.

**Tabulation:** simple and complex tabulation has been done. Simple tabulation has been done to get the information on one or more groups of independent questions. Complex tabulation has been done to get the data into two or more categories and such as such complex tabulation was designed to give information concerning one or more categories and of inter related questions. Tables that were made, were given a title and a distinct number for ease reference.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Question no.</th>
<th>Coding</th>
<th>Construct</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Q1</td>
<td>E1</td>
<td></td>
<td>The staffs pay individual attention to customer problem.</td>
</tr>
<tr>
<td>2</td>
<td>Q2</td>
<td>E2</td>
<td></td>
<td>The bank has operating hours convenient to its entire customer.</td>
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<tr>
<td>3</td>
<td>Q3</td>
<td>E3</td>
<td>Empathy</td>
<td>The Bank gives you individual attention.</td>
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<tr>
<td>4</td>
<td>Q4</td>
<td>E4</td>
<td></td>
<td>The Bank understands the specific need of the customer. S</td>
</tr>
<tr>
<td>5</td>
<td>Q5</td>
<td>E5</td>
<td></td>
<td>The staffs have clear and precise answer for my queries.</td>
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<tr>
<td>6</td>
<td>Q6</td>
<td>R1</td>
<td></td>
<td>The Bank provides Prompt service.</td>
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<tr>
<td>Q</td>
<td>R</td>
<td>Assurance</td>
<td>Tangibles</td>
<td></td>
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<tr>
<td>7</td>
<td>Q7</td>
<td>The Staff are available for service.</td>
<td>My Bank looks attractive from outside.</td>
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<tr>
<td>8</td>
<td>Q8</td>
<td>The staff is willing to help the customer.</td>
<td>The interior of the bank is neat and convenient.</td>
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<tr>
<td>9</td>
<td>Q9</td>
<td>The Bank staff try to respond in an encouraging manner whenever a request is made by me.</td>
<td>The bank staff are well dressed and look professional.</td>
<td></td>
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<tr>
<td>10</td>
<td>Q10</td>
<td>There is always employee at the information desk.</td>
<td>All written material in the bank is easy to understand.</td>
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<tr>
<td>11</td>
<td>Q11</td>
<td>The Bank staff are polite and courteous.</td>
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<tr>
<td>12</td>
<td>Q12</td>
<td>The Bank staff always have the necessary information on the required service.</td>
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<tr>
<td>13</td>
<td>Q13</td>
<td>The staff have right and positive attitude towards customers.</td>
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<td>14</td>
<td>Q14</td>
<td>The staff is honest.</td>
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<tr>
<td>15</td>
<td>Q15</td>
<td>The staff is always consistent in their performance.</td>
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<tr>
<td>16</td>
<td>Q16</td>
<td>The staff have full faith in the customer.</td>
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<td>17</td>
<td>Q17</td>
<td>The staff are well trained in computer operation.</td>
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<td>18</td>
<td>Q18</td>
<td>The staff maintains confidentiality of customer transactions.</td>
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<td>19</td>
<td>Q19</td>
<td></td>
<td></td>
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<td>20</td>
<td>Q20</td>
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<td>21</td>
<td>Q21</td>
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<td>22</td>
<td>Q22</td>
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3.11 Questionnaire:

Descriptive research has been administered to gain a deeper insight into consumers perceived service quality, offered by banks with respect to five dimensions of SERVQUAL scale. A structured questionnaire based on SERVQUAL scale (Persuraman et.al. 1985) has been used for data collection for this research with some modification. The modified questionnaire maintains the number of dimensions of SERVQUAL to five, but thus, the five dimensions of questionnaire comprise Tangibles, Reliability, Responsiveness, Assurance and empathy.

The design and structure of the questionnaire is simple, study specific and capable of seeking objective type of answers through marking a tick mark only. The queries that get information about the perception of customers under five dimensions have a direct bearing as the hypotheses of this research. Each of the five dimensions asks questions specifically related to the service quality dimensions. The customers have been requested to the rate the service quality variables at seven point scale on the basis of their perceived service quality and their satisfaction level towards the banks. Against every question in each statement, seven option of answer are given, i.e. ‘Strongly Agree’; ‘Highly agree’; ‘Agree’; ‘Neutral’; ‘Disagree’ ; ‘Highly Disagree’ and
‘Strongly Disagree’. Each respondent is advised to tick the option that represents the perception most truly and faithfully.

**Administration of questionnaire:**
The universe for collection of data consists of the customers of new India private and public sector banks their full coverage being not possible on account of restraints by a host of factors, a representative sample of respondents as well as the geographical area as explained under ‘sample’ technique has been taken for administrative the questionnaire. The sample consists of 400 respondents (bank customers) the mode of administration of questionnaire on respondents is through direct personal investigation. It is blended with ‘Convenience’ of respondents. Since the sample population of bank customers comprised of educated persons who could read, understand and tick their perceptions in the boxes provided for answer in the questionnaire at their convenient time, they were handed over questionnaire to be collected from them at the pre-fixed time and date. Yet, while getting back the questionnaire discussions and clarification were made to help get the perceptions expressed by the respondents as they really felt. Larger number of respondents approached, however, obliged by filling the questionnaire face to face. Thus, the survey method adopted for this study reassures that the information collected is more accurate, reliable, and trustworthy in reflecting the result of this research.