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**P Lakshmishree**  
M.Phil. Research Scholar  
PG & Research Department of  
Commerce Government Arts  
College (Autonomous), Salem-  
636007, Tamil Nadu, India

**Dr. P Raj**  
Assistant Professor  
PG & Research Department of  
Commerce Government Arts  
College (Autonomous), Salem-  
636007, Tamil Nadu, India

## **A study on service quality gap in banking sector, with special reference to State bank of India in Salem city**

**P Lakshmishree and Dr. P Raja**

### **Abstract**

Service quality plays an important role in determining customer satisfaction. The difference between the expected service quality and the perceived service quality is said to be gap analysis of the customers. This study is measuring service quality of SBI by using most popular and success instrument 'SERQUAL' method developed by Parasuram *et al* (1985). SERQUAL examines five dimensions of service quality, tangible, reliability, responsiveness, assurance and empathy, each dimension measures both perception and expectation of the service, through subtracting perception score from expectation score is known as gap score called gap analysis.

- Service – supplying of public needs such as product, transport, communication etc.,
- Quality – features and characteristics of a product.
- Gap – Service between the expected and perceived.

**Keywords:** Serqual, service quality, customer satisfaction, tangible, reliability, responsiveness, assurance and empathy

### **Introduction**

E banking, Mobile banking is the latest technology, which is gradually replacing the traditional banking system and they are user friendly. In the highly competitive banking industry, service plays the vital role. Customer satisfaction has become the most important for any organization, whether in public sector or private sector. The provided quality of the service by any organization can be, by the fact how much customer is satisfied with the present service quality. The customers are able to choose their bankers from wide range of banking service, offers, delivering service, and marketing service. Consequently, the efforts of service are directed towards understanding how customers perceive the quality of service.

The roots of the state bank of India rest in the first decade of 19<sup>th</sup> century, when the bank of Calcutta, later renamed as bank of Bengal was established on 2 June 1806. In 27 January 1921 reorganized bank name as imperial bank of India.

The provision of the state bank of India act 1955, the reserve bank of India, which is India's central bank, acquired a controlling interest in the imperial bank of India. On 30 April 1955 the imperial bank of India become state bank of India. Headquarters is located in Mumbai, Maharashtra. It is owned by government of India.

### **Operational definition of SBI**

SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at nonresident Indians (NRIS). SBI has 14 regional hubs and 57 zonal offices that are located at important cities throughout India.

- Domestic presence- SBI has 18,354 branches in India.
- International presence- The bank had 191 overseas offices spread over 36 countries having the largest presence in foreign markets among Indian bank.
- There are 1,155 SBI branches in Tamilnadu.
- In Salem there are 51 branches.

SBI is one of the largest employers in the country having 222,033. There are 45,132(20%) female employees, 2,610(1%) disabilities. SBI had 42,744 schedule caste (19%), 17,243 schedule tribe (8%) of employees.

**Correspondence**  
**P Lakshmishree**  
M.Phil. Research Scholar  
PG & Research Department of  
Commerce Government Arts  
College (Autonomous), Salem-  
636007, Tamil Nadu, India

### Review of literature

A literature review is more than a list of bibliographic references. A good literature review surveys and critiques the body of literature in your field of interest. It enables you to position your research in the broader academic community, synthesise existing ideas and arguments without adding your own, and identify any gaps in the literature which research is attempting to address to the survey.

Sandip Gosh hasrs and BL Srivastava (2009) <sup>[1]</sup> in their study indicated that the bank should pay attention to these dimension of service quality and pay more attention to dimension of assurance empathy to increase loyalty to a company, willingness to pay, customer commitment and customer trust.

Pim den Hertog *et al.*, (2010) <sup>[2]</sup> are used to study the research objectives. An analysis has been carried out by applying the above models to identify and compare various strategies adopted so far by the above banks keeping in tune with the selected models.

Dr. Rakesh (2012) <sup>[3]</sup> Quality assessment of banking industry using the SERQUAL model: This paper has started with the concept of service quality and has demonstrated the model of service quality gaps. Outcomes of the study outline the fact that although SERQUAL could close one of the important service quality gaps associated with external customer services, it could be extended to close other major gaps and therefore, it could be developed in order to be applied for internal customers, i.e. employees and service providers.

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2. Pim Den Hertog, wietze van der Aa, and Mark W. De Jong, (2010) <sup>[2]</sup> "Capabilities for management service innovation: towards a conceptual framework". Journal of service management, vol. 21, no. 4 pp. 490-514.
3. Dr.Rakesh (2012) <sup>[3]</sup> "Quality assessment of banking industry using SERQUAL model". Indian stream research journal, Vol.2, issue ii, ISSN: 2230-7850.

### Objectives of the study

- To know the demographic profile of the respondent customers.
- To identify the gap between customers expectation and their perception of service quality.

### Statement of the problem

Providing good service quality is the major concern of banking sector. Service gap is the difference between the quality of service perceived by the customer and expected over a period of time from the banker. Success or failure of a business is determined by Customer satisfaction. As the exposure, knowledge and awareness of the customers keep on increasing, the expectation of the customers. Now the bankers have to meet out the expectations of their customers or else the customer will switch over to other competitor bank that provides better service. This research article studies the difference between the expected service quality and perceived service quality in SBI in Salem city. The following question is arising to the customers of the bank.

- What approach should be followed by SBI to provide best service?

- Does SBI give enough awareness about schemes?
- To what extend SBI satisfies its customers?

### Importance of the study

The purpose of this study is to observe and analyze the satisfaction of customer's towards service quality and to find out the problems encountered by the customers. Research has been conducted in order to critically evaluate and examine the customer's satisfaction towards service quality in SBI. This study highlights the importance of service quality of SBI.

### Scope of the study

The present study was undertaken to know the preference of the customer towards state bank of India. The study also force on the customer perception that how the banking service can be improved.

- The study has been done on behalf of – SBI.
- The study is confined to the Salem city.
- The scope of the study is to find out the customer satisfaction.

### Hypothesis

- There is a significant difference between customer expectation and their perception of reliability, assurance, empathy, tangibility and responsiveness.
- There is no significant difference between male and female employees of SBI customers.

### Research methodology

The study is concerned with the quality of service rendered by SBI in Salem city. The source of data is primary and secondary data. To collect details of SBI customers directly a well-structured questionnaire is designed.

### Primary data

Out of 100 Questionnaires, only 80 were received as completely filled and have been used in the present study. The questionnaires were directly given to respondents and instructions were clearly given in order to avoid biasness in the responses.

### Secondary data

Secondary data was obtained through company profile and information available in text books, journals, and internet so on.

### Study area

The area selected for this study is Salem city in Tamilnadu. Overall 51 branches available in Salem district. There are 11 branches in Salem city and used for the present study.

### Types of research

The study deals with the descriptive research and historical research.

- Descriptive research – main purpose is to describe the state of view at it's exist at present. In simple "it is fact finding investigation".
- Historical research – is a study of past record & data in order to understand the future trend for the development.

**Sampling design**

In the present study convenience sampling is used. It is a type of non-probability sampling is also known by different names such as deliberate, purposive, judgment sampling. Items for the sample are selected deliberately by the researcher. This method relies on data collection from population members who are conveniently available to participate in study.

**Sample size**

Due to unknown population size, the sample size is declared as per the convenience of researcher 100 samples were collected, only 80 respondents were answered completely and it is used for the present study. Remaining 20 respondents were answered incompletely and it is not used for the present study

**Statistical tools**

As the question generates direct information, the data were analyzed using statistical tool such as simple average, ranking method.

**Limitation of the study**

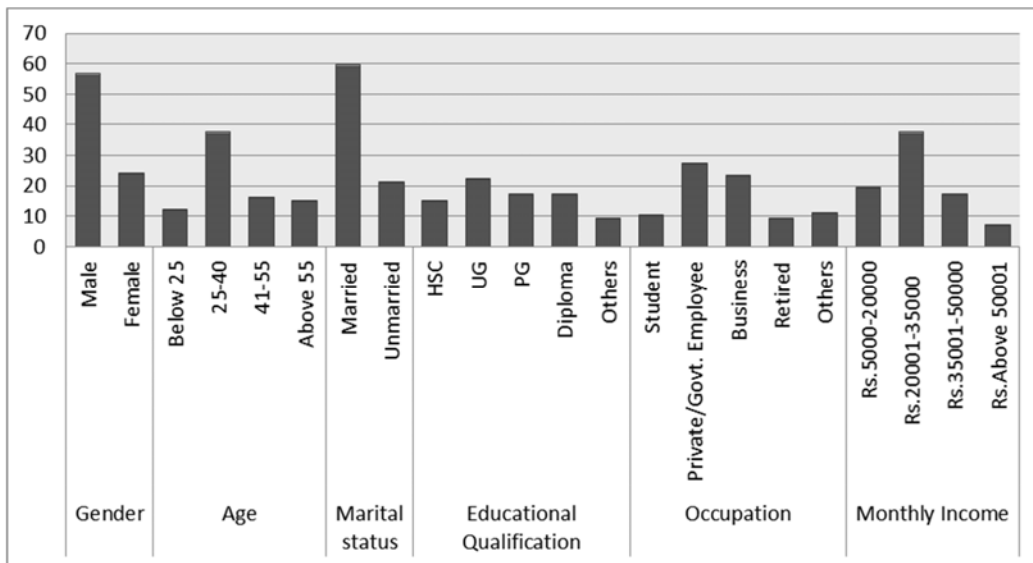
The study report consists of few limitations.

- The samples size does not represent the total population.
- The samples were selected conveniently.
- The report has been conducted within a limited time frame.
- The study is limited to the customers of Salem city.

**Table 1:** Demographic profile of the respondents

Demographic factors	Classification	No. of. respondent	% of respondent
Gender	Male	56	70%
	Female	24	30%
Age	Below 25	12	15%
	25-40	37	46.25%
	41-55	16	20%
	Above 55	15	18.75%
Marital status	Married	59	73.75%
	Unmarried	21	26.25%
Educational Qualification	HSC	15	18.75%
	UG	22	27.5%
	PG	17	21.25%
	Diploma	17	21.25%
	Others	9	11.25%
Occupation	Student	10	12.5%
	Private/Govt. Employee	27	33.75%
	Business	23	28.75%
	Retired	9	11.25%
	Others	11	13.75%
Monthly Income	Rs.5000-20000	19	23.75%
	Rs.20001-35000	37	46.25%
	Rs.35001-50000	17	21.25%
	Rs. Above 50001	7	8.75%

Source: Primary data Amu, Aligarh (2015). "Comparative service quality assessment of SBI and HDFC using SERQUAL model". IJMSS.



**Fig 1:** Demographic profile of the respondents

**Table 2:** Service gap between expectation and perceived service quality

Dimension	Statement	Expectation	Perception	Gap Score
		E	P	E-P
Tangibility	Banks should have modern looking equipment	4.9	3.46	1.44
	The physical facilities at banks should be visually appealing.	4.8	4.06	0.74
	Employees at banks should be well dressed & neat in their appearance	4.62	4.03	0.59
	Materials associated with the service (pamphlets or statements) should be visually appealing at a bank	4.93	3.96	0.97
			Avg Gap Score	0.93
Reliability	When banks promise to do something by a certain time, they should do	4.98	3.4	1.58
	When a customer has a problem, banks should show a sincere interest in solving it.	4.91	3.02	1.89
	Bank should provide the service right the first time	4.92	3.13	1.79
	Bank should provide the service at the time they promise to do so.	4.77	3.23	1.54
	Bank should insist on error free records.	5	3.78	1.22
			Avg Gap Score	1.6
Responsiveness	Employees of bank should tell customers exactly when service will be performed.	4.97	3.36	1.61
	Employees of bank should give prompt service to customers.	4.87	2.77	2.1
	Employees of bank should always be willing to help customers.	4.96	2.68	2.28
	Employees of the bank should never too busy to respond to customers request.	4.95	2.83	2.12
				Avg Gap Score
Assurance	The behavior of employees in bank should instill confidence in customer.	4.97	3.6	1.37
	Customers of bank should feel safe in transaction.	5	4.15	0.85
	Employees of banks should be consistently polite with customers.	4.91	3.35	1.56
	Employees of bank should have the knowledge to answer customer's question.	4.98	3.52	1.46
			Avg Gap Score	1.31
Empathy	Banks should give customers individual attention.	5	2.6	2.4
	Banks should have operating hours convenient to all their customers.	4.68	3	1.68
	Banks should have employees who give customers personal service.	4.95	2.57	2.38
	Banks should have their customer's best interest at heart.	4.93	2.6	2.33
	The employees of banks should understand the specific needs of their customer.	4.97	2.63	2.34
			Avg Gap Score	2.22

Source: Primary data Amu, Aligarh (2015). "Comparative service quality assessment of SBI and HDFC using SERQUAL model". IJMSS.

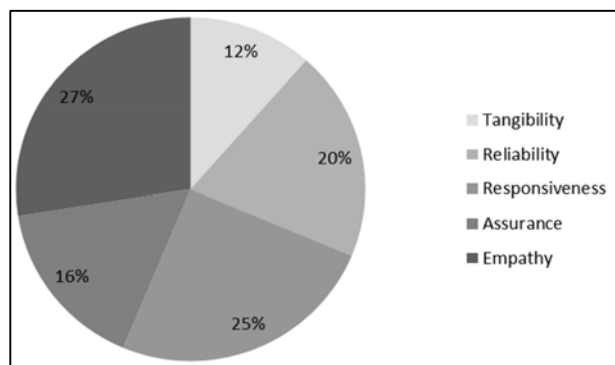
The result of the table shows the service gap between the customers perceived service quality and customer expected service quality. The result reveals that the expectation is more than the perceived service quality. Employees at banks should be well dressed & neat in their appearance shows the least gap score 0.59, the physical facilities at banks should be visually appealing 0.74, Materials associated with the service (pamphlets or statements) should be visually appealing at a bank 0.97 these three are the least gap score. The top three gap score is Banks should give customers individual attention 2.4, Banks should have employees who give customer's personal service 2.38 and the employees of banks should understand the specific needs of their customer 2.34.

**Table 3:** Service gap summary

Dimension	Service gap	Rank
Tangibility	0.93	1
Reliability	1.6	2
Responsiveness	2.02	4
Assurance	1.31	3
Empathy	2.22	5

Source: Primary data Amu, Aligarh (2015). "Comparative service quality assessment of SBI and HDFC using SERQUAL model". IJMSS, Vol.03 issue-06, ISSN: 2321-1784.

The summary of result reveals that among all the five dimensions tangibility shows the least service gap followed by reliability, assurance, responsiveness and empathy.



**Fig 2:** Service GAP

**Findings**

The summary of result reveals among all the five dimension.

- Tangibility shows the least service gap.
- Empathy shows the highest service gap.

### **Suggestions**

- The bank has provided service to the customers at present; they have to follow in future period also. The bank has to improve the equipment, visually appealing materials of tangibility dimension.
- The bank as to improve the customer individual attention, convenient operating hours, personal service, best interest at heart, of customers' needs of empathy dimension of service quality.

### **Conclusion**

This study explores the expectation of service quality and compared perceived service quality of SBI in Salem city. Finally it is concluded that the bank may improve their quality of service offered by rectifying in this research.

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