

Chapter I

Introduction

In the present century, service sector has been emerged as the dominant sector of the economy of many countries of the world (Goplani, 2014). Banking is one of the important organized sectors in Indian economy and the functioning of the financial system of India is to a large extent dependent upon the status of the banking sector. Infact, commercial banks, especially the public sector banks, play an effective role in the process of development by mobilizing the resources and making allocation of the same in a prudent way.

Over the last few decades, major changes have been observed in the Indian service sector and banking sector is no exception to this. Like other service organizations, banking organizations have realized the significance of customer-centered philosophies and are now turning to quality management approaches to help managing their business (Shahin, 2006). Owing to the increased level of competition linked with the entry of new players in the market, service quality has become an important factor for evaluating the performance of any commercial bank. The expansion and diversification of banking business in the present context is to a great extent dependent upon the quality of services offered by the commercial bank to its existing customers. Delivery of quality services not only enables a bank in retaining its existing customer base but attracting new and potential customers as well.

1.1 Statement of the Problem

The increased level of competition following the penetration of private sector banks and foreign banks in Indian banking industry has created tremendous pressure for the public sector banks in India to retain their market share of business (Talwar, 1994; Brahmhatt & Panelia, 2008). To put it differently, the proliferation of private sector banks coupled with technological advancement have put the public sector banks in such a situation, where customer orientation through continuous improvement in service quality has become a precondition for the survival of any banking institution (Adhikari & Paul, 2015). The provision of high service quality by a bank is necessary in meeting several requirements, such as, customer satisfaction and its consequent loyalty, attracting new customers

and thereby helps in increasing the market share and profitability of a bank (Kumari & Rani, 2011).

Public sector banks are expected to review their policies in the context of changing environment. Otherwise sooner or later many of the public sector banks will become silent spectators and will have to be satisfied with that portion of the market for which private sector banks are not interested for some strategic reasons. In view of the changing situation, public sector banks in India are expected to make their customers satisfied by putting additional emphasis on delivering quality services to their valued customers (Adhikari & Paul, 2014).

The element of competition prevailing in the banking industry owing to the rapid technological change has made it considerably important for banks to measure and evaluate the quality of service encounters (Brown & Bitner, 2007). The increased level of awareness among bank customers about their rights, changing demands and high competition requires constant progress in service quality from the bank for their customers (Nabi, 2012).

Assessment of service quality through different models advocated by various researchers not only enables the bank management to identify quality related problems but helps in planning for the launch of a quality improvement programme as well (Seth & Deshmukh, 2005). Infact, the only way to build competitiveness by the service marketers lies in the delivery of quality services to their customers. It is recognized as a key differentiator for sustained business growth. Further, deliverance of quality services not only results in repeat purchase but enhances the profit earning capacity of banking business as well.

Under the changed situation of Indian banking sector in the current millennium characterized by highly competitive market and consumer sovereignty, public sector banks are expected to reorient their policies in favour of customers, so that they can meet the continually evolving expectation of their existing customers by giving persistent efforts in making qualitative improvement of their delivery of services (Adhikari & Paul, 2015).

The degree of competition in the banking sector is relatively more in metropolitan cities and other big cities. But of late, the small cities and towns of different

districts of the country have also experienced the wave of competition. Cachar district of Assam, which is selected as the study area for the present research work is no exception to this. Along with the opening up of branches in metropolitan cities, private sector banks have also started their journey in small cities and towns of the country and this poses additional challenges for the public sector banks to retain their market share.

In India a good number of studies have been conducted on quality of customer services of different banks. Further, a good number of studies relating to service quality of public sector banks in the context of North Eastern Region of India have been undertaken by researchers as well. But research works related to service quality of public sector banks in the context of Cachar district of Assam are comparatively less.

However, not a single research work on service quality gap of two public sector banks in Cachar district of Assam has so far been undertaken. The present study aims not only to assess the service quality gap of two public sector banks i.e. State Bank of India (SBI) and United Bank of India (UBI) in Cachar district of Assam but to make a comparative analysis of service quality gap of the two banks as well.

State Bank of India and United Bank of India have been selected for the present study as these two banks together constitute more than 35% of total number of branches of all banks operating in Cachar district of Assam as on 31st March, 2014. It is expected that the findings of the present study will gain an insight about the areas of service quality gap of both the banks in Cachar district of Assam. Apart from this, the findings of the study will certainly be helpful for the management of both the banks. The outcome of the study may be used by the banks to improve the various dimensions of service quality so that the gap between perception of customers and expectation of customers regarding service quality of both the banks under consideration can be minimized to the extent possible.

1.2 Conceptual Framework

The following paragraphs narrate the various concepts such as, meaning of service, service quality, customers' expectation of service, customers' perception of service, etc.

1.2.1 Concept of Service

A service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product (Kotler, Armstrong, Saunders & Wong, 2002). Infact, services are considered as those economic activities that create value and provide numerous benefits to the customers at specific times and places by bringing about a desired change, or on behalf of, the recipient of the service (Kumar, 2010).

The term service has been defined differently by different authors. Some of the definitions of service are highlighted below:

Judd (1964) has defined service as ‘a market transaction by an enterprise or entrepreneur where the object of the market transaction is other than the transfer of ownership of a tangible commodity’.

Gronroos (1990) has defined service as ‘an activity or series of activities of more or less intangible nature that normally, not necessarily take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems’.

Regan (1963) in his definition classified services into two categories. According to him, ‘services represent either tangibles, yielding satisfaction directly or intangibles, yielding satisfaction jointly when purchased either with commodities or other services’.

Service possesses different characteristics which make the term different from tangible product. Different characteristics of service include *intangibility*, *inseparability*, *heterogeneity* and *perishability*.

Intangibility means that a service cannot be seen, felt, touched or stored. It does not possess physical demonstration (Schneider & White, 2004). *Inseparability* of a service refers to the fact that the production of a service cannot be separated from its consumption by the customers i.e. production and consumption of a service take place simultaneously (Pride & Ferrell, 2006). *Heterogeneity* is concerned with standardization of services. The quality and essence of a service varies from

producer to producer and from customer to customer. No two services can be said to be alike (Zeithaml, Parasuraman & Berry, 1985). *Perishability* refers to the fact that, unlike physical goods, services cannot be stored and offered again i.e. if services are not availed on time when they become due, they cease to exist and cannot be utilized further (Baron & Harris, 2003; Srinivasan, 2012).

In most of the countries of the world, be it developed or developing, there has been a gradual change in the sectoral contribution to the Gross Domestic Product (GDP). In the industrialized countries the major contributor of GDP is service sector. Even in India and many other third world countries, service sector has been gradually emerged as the most important sector and contributes largest share in the GDP. Service sector is probably the most vibrant sector in the current millennium in almost all the countries of the world. Thus, companies which used to compete by selling their tangible products have now started taking necessary steps towards the provision of quality customer services.

1.2.2 Concept of Service Quality

Lewis & Booms (1983) has defined service quality as ‘a measure of how well the service delivered matches customer expectations. Delivery of quality service means conforming to customer expectations on a consistent basis’. It is also defined as ‘the outcome of an evaluation process, where the consumer compares his expectations with the service he perceives he has received’ (Gronroos, 1984).

To put it in simple words, service quality is therefore, the degree of discrepancy between customers’ expectations of service and their perceptions of service performance. It is a form of attitude, related but not equivalent to satisfaction that results from a comparison of expectations with perceptions of performance (Parasuraman, Zeithaml & Berry, 1988). Delivery of quality services differentiates a particular organization from others and thereby enables the organization to charge better prices.

Service quality is customer focused which reflects customers’ expectations and perceptions. It permits service firms to identify the aspects where improvement is required (Heron & Altman, 1996). It is customer’s personal judgements about the excellence or superiority of services on a set of criteria that forms their

expectations (Verma, 2012). It helps a service organization to attract more and more potential customers which, in turn, increases its market share of business and enables the organization to plan for the expansion and diversification of business in future.

1.2.3 Customers' Expectation of Services

Customer expectations are those standards which serves as a benchmark against which present and future service encounters are compared (Hoffman & Bateson, 2010). Customers hold different types of expectations for service performance. They compare their perceptions of service delivery with these reference points when evaluating service quality and therefore knowing what customers expect helps the service firm in gaining competitive advantage (Zeithaml & Bitner, 1996). Customers' expectation of services must be thoroughly understood at the first step in quality management efforts. Service firms must strive to achieve fail-proof delivery on service components so that they can minimize the risk of losing a customer to their competitors (Verma, 2012).

Expectation of customers depends on several factors. Below is highlighted certain factors which influence customers' expectation:

1. Personal needs: Personal need of a customer is one of the most important factors that influence his/her expectation about service. Infact, personal needs are controlling forces to the extent that a customer places limits on what they expect or do not expect (Noe, Uysal & Magnini, 2010).

2. Word of mouth communication: Word of mouth communication about services is another important factor which influences the expectation of customers. Customers use to gather information about a service performance from the earlier user and their co-customers. Based on the information they develop their expectations (Rao, 2007).

3. Prior experience with the service provider: Past experience also contributes to customers' expectation of services. Customers often evaluate current service encounter based on other encounters in the past with the same service provider and other providers in the industry (Hoffman & Bateson, 2016).

4. Availability of service alternatives: Alternatives refer to the other service providers dealing with similar type of services. Customers' expectation to a great extent depends upon the availability of alternatives. In other words, the expectation of customers increase when there are a number of service alternatives available in the market (Mishra & Gupta, 2009).

1.2.4 Customers' Perception of Services

Perceptions are always considered in relation to expectations. Perceptions are formed through customers' assessment of the quality of services provided by a company (Zeithaml & Bitner, 1996). In other words, perceptions of customers are the subjective judgement of services provided by the service firms.

Perception about services may vary from customer to customer and sometimes even within the same organization. Customers appraise different aspects of the service on the basis of the individual experiences and evaluate what they experience in terms of their expectations (Sharma, 2000). To put it in simple words, customers' perception of services is what they have experienced during the entire process of service delivery.

There are certain factors which influence the perception of customers about the services, which include, people, process and physical evidence. Below is highlighted a brief explanation of the three factors:

1. People: People are considered to be the most important part of any service or experience. People may be the contact employees or the customer himself. The attitude, skill and appearance of all the employees of an organization need to be first class, which, in turn will make the service performance a memorable one for the customers (Dhawan, 2010; Venugopal & Raghu, 2011).

2. Process: Process is considered to be a major factor for the service organizations. It involves the procedures, tasks, schedules, mechanics, activities and routines by which a service is delivered to a customer. Identification of process management as a separate activity by service organization can therefore be a source of competitive gain over their competitors (Payne, 1998).

3. Physical evidence: Physical evidence is another major factor that influences customers' perception about the services. It refers to all tangible aspects of service

quality dimensions that can be seen, felt and touched which include communication materials, technology driven devices, exterior and interior designs, etc. The physical environment facilitates the performance of service by the service firms as well as the customers availing the services (Rao, 2007).

1.2.5 Measurement of Service Quality

One of the most important characteristic of service is that it is intangible in nature, the only way to measure quality in services is to measure the expectation of the customer before the receipt of service and measure his/her perception after the experience, that is, the service encounter (Bhattacharjee, 2006). Assessment of service quality by considering both expectation and perception of customers will provide specific data that can help the service organizations to monitor and maintain quality services (Shahin & Samea, 2010).

Assessment of service quality by comparing the expectation of customers with their perception about the services enables service firms to efficiently design the service delivery process (Shahin, 2006). While comparing the expected service and perceived service, the outcome reveals the gap in service quality, the larger the gap, the worse is the service quality; the narrower the gap, the better is the service quality (Bhattacharjee, 2006).

In other words, when the expected service is less than the perceived service, it results in an excellent service. If the expected service equals perceived service, the result is a good service. But when the expected service is greater than the perceived service then it results in a poor service.

1.2.6 Models of Service Quality

Owing to the need for assessment of service quality by the service organizations, research works have been carried out in different countries for developing service quality models or survey instruments. Such models or survey instruments would help in assessing the service quality of a particular organization. Over the years, several models of service quality have been developed by practitioners, researchers and managers hailing from different parts of the world. Table 1.1 highlights the name and author of different models of service quality.

Table 1.1: Different Models of Service Quality

Model	Author	Year
Technical and Functional Quality Model	Gronroos	1984
GAP Model	Parasuraman, Zeithaml & Berry	1985
Attribute Service Quality Model	Haywood-Farmer	1988
Synthesized Model of Service Quality	Brogowicz, Delene & Lyth	1990
Ideal Value Model of Service Quality	Mattsson	1992
Evaluated Performance and Normed Quality Model	Teas	1993
IT Alignment Model	Berkley & Gupta	1994
Attribute and Overall Affect Model	Dabholkar	1996
Model of Perceived Service Quality and Satisfaction	Spreng & Mackoy	1996
Retail Service Quality and Perceived Value Model	Sweeney, Soutar & Johnson	1997
Service Quality, Customer Value and Customer Satisfaction Model	Oh	1999
Antecedents and Mediator Model	Dabholkar, Shepherd & Thorpe	2000
Internal Service Quality Model	Frost & Kumar	2000
Internal Service Quality DEA Model	Soteriou & Stavrinides	2000
Internet Banking Model	Broderick & Vachirapornpuk	2002
IT-Based Model	Zhu, Wymer & Chen	2002
Model of E-Service Quality	Santos	2003

Note: Based on Review of Literature

Out of these service quality models, the GAP model has been the most popular around the world. The service quality gap model plays a significant role in the service management literature (Urban, 2009). The model helps to identify the causes of service quality shortfalls in each or all of the dimensions of service quality (Weitz & Wensley, 2002).

1.2.7 GAP Model

The GAP model, also known as SERVQUAL model, developed by Parasuraman, Zeithaml & Berry (1985) explains service quality as the difference or gap between perception of customers and expectation of customers with respect to different aspects of services. This model deals with five gaps:

- *Gap 1: The Listening Gap.* This gap is the difference between customers' expectation and management's perception of customers' expectation.
- *Gap 2: The Service Design and Standards Gap.* This gap identifies the disparity between management's perception of customers' expectation and service quality specifications.
- *Gap 3: The Service Performance Gap.* This gap shows the variations between service quality specifications and service actually delivered.
- *Gap 4: The Communication Gap.* This gap finds the difference between service delivery and the communications made to customers about service delivery.
- *Gap 5: Perception-Expectation Gap.* This gap measures the difference between customers' perception and expectation of services.

Gap 1, 2, 3 and 4 are the four provider gaps and these in sum total forms the customer gap i.e., Gap 5. The customer gap is the function of the four provider gaps.

The study conducted by Parasuraman, Zeithaml & Berry in the year 1985 has identified ten service quality dimensions, namely, tangibility, reliability, responsiveness, competence, credibility, courtesy, security, access, communication and understanding the customers which are used in forming customers' expectation and perception of services. But in their subsequent research conducted in the year 1988 they have made a thorough revision of the dimensions of service quality and suggested five dimensions (tangibility, reliability, responsiveness, assurance and empathy) of service quality.

Assurance and empathy dimensions have been formed by combining some of the components of seven dimensions (competence, credibility, courtesy, security, access, communication and understanding the customers) of service quality which has been advocated by them in the year 1985. After such refinement, Parasuraman,

Zeithaml & Berry in the year 1988 finalized a five dimension construct and is popularly known as SERVQUAL instrument.

SERVQUAL is widely used tool to measure service quality in the banking industry (Yavas, Bilgin & Shemwell, 1997). Bank managers, can therefore, confidently use this instrument to undertake continuous evaluation of their service quality (Ladhari, 2009).

1.2.8 Dimensions of Service Quality

The expectation and perception of customers about service is dependent upon a host of factors. A good number of dimensions are being used by various researchers to judge the expectation and perception of customers about service quality.

Gronroos (1984) has suggested that the quality of services as perceived by the customer has two (02) dimension- technical or outcome dimension and the functional or process related dimension.

Parasuraman, Zeithaml & Berry (1985) have identified ten (10) dimensions, namely, tangibility, reliability, responsiveness, competence, credibility, courtesy, security, access, communication and understanding the customers that are used to measure the service quality of service firms.

Parasuraman, Zeithaml & Berry (1988) have measured the gap between perception and expectation of customers with five (05) dimensions of service quality, namely, reliability, tangibility, responsiveness, assurance and empathy.

Haywood-Farmer (1988) has used three (03) dimensions, viz., professional judgement, physical facilities & processes and behavioural aspects to measure the quality of services.

Cronin & Taylor (1992) have also used reliability, tangibility, responsiveness, assurance and empathy dimensions to measure the service quality of different organizations.

Berkley & Gupta (1994) have suggested dimensions, such as, reliability, responsiveness, competence, access, communication, security and understanding the customers to evaluate the service quality of various service sectors.

Johnston (1995) has worked with eighteen (18) dimensions of service quality, viz., aesthetics, access, attentiveness, availability, care, comfort, courtesy, cleanliness, commitment, communication, competence, flexibility, friendliness, functionality, integrity, reliability, responsiveness and security.

Dabholkar (1996) has proposed two models for the evaluation of service quality, namely, Attribute Based Model and Overall Affect Model. Attribute Based Model has five (05) attributes, viz., speed of delivery, ease of use, reliability, enjoyment and control while Overall Affect Model deals with two attributes, namely, attitude towards using technological products and need for interaction with service employees.

Dabholkar, Shepherd & Thorpe (2000) have suggested four (04) dimensions of service quality, viz., reliability, personal attention, comfort and features.

Santos (2003) has worked with two dimensions, namely, incubative dimension and active dimension to measure the electronic service quality. Incubative dimension includes five (05) determinants, viz., ease of use, appearance, linkage, structure & layout and content while active dimension deals with six (06) determinants, such as, reliability, efficiency, support, communication, security and incentive.

Researchers generally use a good number of dimensions to assess and analyze the service quality of an organization. In the present study, five dimensions of service quality have been used to assess and analyze the gap between perception of customers and expectation of customers of two commercial banks. In the following paragraphs, the concept of service quality dimensions used in the present study has been briefly narrated:

Reliability

Reliability involves consistency of performance and dependability. It means that the firm performs the service right the first time. It also means that the firm honours its promises (Parasuraman, Zeithaml & Berry, 1985). It refers to punctual service delivery and an ability to keep to its agreements made with the customers (Johnston, 1995). This dimension shows how consistently the expectation of customers is met by the service provider (Martin & Kettner, 1996). Consistent reliability gives a service firm the opportunity to compete effectively and build a

reputation for the services (Berry & Parasuraman, 1991). This dimension is the most important dimension and has the highest influence on customers' perception about service quality (Apte, 2004; Venugopal & Raghu, 2011). It further refers to the dissemination of correct and complete information by the service providers to their customers.

Tangibility

Tangibility includes the physical evidence of the service (Parasuraman, Zeithaml & Berry, 1985). Customers rely heavily on tangible evidence of the service to form their own judgement regarding the quality of service. This dimension focuses on two aspects, equipment and facility & personnel and communication materials (Srinivasan, 2012). It further refers to making proper sitting arrangement for the customers inside the premises of service firms. It also deals with the appearance of the personnel of the service firms.

Tangibles are often used by service companies to enhance their image and signal quality to customers. Most of the companies combine tangibles with other dimension of service quality to create a service quality strategy for the firm. Firms that do not pay attention to the tangibles dimension of service quality, can confuse the service strategy and even destroy an otherwise good strategy (Zeithaml & Bitner, 1996).

Responsiveness

Responsiveness is concerned with the willingness or readiness of employees to provide prompt service. It involves timeliness of service (Parasuraman, Zeithaml & Berry, 1985). It means the ability of the service providers to respond promptly to customer requests with minimal waiting time (Johnston, 1995). When service is provided in a responsive or timely manner, customers whose quality assessments are formed on the basis of this dimension will tend to rate the service quality as high (Martin & Kettner, 1996). Infact, responsiveness refers to the swiftness of employees in serving the customers.

Further, responsiveness dimension of service quality also captures the notion of flexibility of the employees to customize the service to customer needs. To excel on this dimension, a company must be certain to view the process of service

delivery and handling of requests from the customer's point of view (Zeithaml, Bitner, Gremler & Pandit, 2013).

Assurance

Assurance is defined as the knowledge and courtesy of employees and their ability to inspire customer trust and confidence (Parasuraman, Zeithaml & Berry, 1988). This dimension is particularly important for service that customers perceive as high risk or for services of which they feel uncertain about their ability to evaluate outcomes (Zeithaml, Bitner, Gremler & Pandit, 2013). Infact, this dimension is based on communication, trustworthiness, capability, courtesy and security. In other words, it involves keeping the customers informed, etiquette of employees, honesty of employees and showing that the employees have the skill to perform the services well. During the process of service delivery, the firm need to give due courtesy and respect to the customer and generate feeling of security that his/her interests are safe in their hands (Jauhari & Dutta, 2009). It also refers to the maintenance of confidentiality of customers' account and information.

Empathy

Empathy is defined as the caring and individualized attention that the firm provides to its customers (Parasuraman, Zeithaml & Berry, 1988). The employees of the service firm should be approachable, sensitive to the needs of the customers and make an attempt to understand their needs. The aim is to make customers feel unique and special (Jauhari & Dutta, 2009). Infact, a service organization is expected to possess the ability to make customers realize that employees of the organization always consider the difficulties and problems of the customers as their own problems and difficulties.

1.3 Objectives of the Study

The objectives of the study are as follows:

1. To analyze the gap between perception and expectation of customers regarding service quality of State Bank of India in Cachar district of Assam.
2. To analyze the gap between perception and expectation of customers regarding service quality of United Bank of India in Cachar district of Assam.
3. To make a comparative analysis regarding gap in service quality of State Bank of India and United Bank of India in Cachar district of Assam.

1.4 Hypotheses of the Study

The hypotheses of the present research work are as follows:

1. Rural and urban branches of State Bank of India in Cachar district of Assam do not differ significantly with respect to gap in select dimensions of service quality.
2. There is no significant difference in service quality gap of rural and urban branches of State Bank of India in Cachar district of Assam.
3. The sample branches of State Bank of India in Cachar district of Assam do not differ significantly with respect to gap in select dimensions of service quality.
4. There is no significant difference in service quality gap of sample branches of State Bank of India in Cachar district of Assam.
5. Rural and urban branches of United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in select dimensions of service quality.
6. There is no significant difference in service quality gap of rural and urban branches of United Bank of India in Cachar district of Assam.
7. The sample branches of United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in select dimensions of service quality.
8. There is no significant difference in service quality gap of sample branches of United Bank of India in Cachar district of Assam.
9. State Bank of India and United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in select dimensions of service quality.
10. State Bank of India and United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in the components of *reliability* dimension of service quality.
11. State Bank of India and United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in the components of *tangibility* dimension of service quality.
12. State Bank of India and United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in the components of *responsiveness* dimension of service quality.

13. State Bank of India and United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in the components of *assurance* dimension of service quality.
14. State Bank of India and United Bank of India in Cachar district of Assam do not differ significantly with respect to gap in the components of *empathy* dimension of service quality.
15. There is no significant difference in service quality gap of State Bank of India and United Bank of India in Cachar district of Assam.

1.5 Data Source and Methodology

In order to conduct the research work, at the first instance literature review has been carried out by the researcher to identify various components of service quality applicable for retail banking sector. After the identification of various components of service quality, the researcher has arranged discussions with few senior academicians and some executives working in different branches of State Bank of India and United Bank of India operating in Cachar district of Assam. Such discussions have supported the researcher to analyze the relevance of the identified components of service quality keeping in mind the locale selected for the study. Further, discussions have also been arranged with a few customers of different branches of both the banks within Cachar district to develop a thorough understanding about the applicability of various components of service quality.

Based on the above exercise, a comprehensive list of components of service quality has been prepared for conducting the pilot survey. The researcher conducted the pilot survey on twenty eight (28) customers belonging to different branches of SBI and UBI operating in Cachar district of Assam. The result of pilot survey has facilitated the researcher to finalize the list of components of service quality for the present study. Accordingly, twenty four (24) components of service quality have been selected and the same has been grouped into five (05) dimensions of service quality keeping in mind the literature available on the subject.

Thus, review of literature on the subject, consultation with senior academicians, discussions with bank officials, a few educated customers and the result of pilot survey together formed the basis of selecting the components of service quality used

in the present study. In order to prepare the schedule for the customers, all the twenty four (24) components of service quality have been converted into statement form not only for the assessment of expectation of customers but for the assessment of perception of customers as well.

The components under each of the service quality dimensions which have been used to analyze the perception of customers (P), expectation of customers (E) and *gap* between the perception of customers (P) and expectation of customers (E) are presented in the following tables.

Table 1.2 shows the dimension wise number of components selected for the study.

Table 1.2: Select Service Quality Dimensions and Number of Components

Sl. No.	Service Quality Dimensions	No. of Components
1	Reliability	5
2	Tangibility	4
3	Responsiveness	5
4	Assurance	5
5	Empathy	5

Note: Based on Review of Literature and Pilot Survey

Table 1.3 shows the components of *reliability* dimension of service quality used in the study.

Table 1.3: Components of Reliability Dimension of Service Quality

Sl. No.	Components
1	Dissemination of correct and complete information
2	Deliverance of services within the promised time
3	Fulfillment of commitments
4	Processing/settlement of transactions without mistake
5	Consistent functioning of technology driven devices

Note: Based on Review of Literature and Pilot Survey

Table 1.4 depicts the components of *tangibility* dimension of service quality used in the study.

Table 1.4: Components of Tangibility Dimension of Service Quality

Sl. No.	Components
1	Temperature neutrality inside the branch
2	Sitting arrangement inside the branch premises
3	Neatness in the appearance of frontline employees
4	Attractiveness in the appearance of technology driven devices

Note: Based on Review of Literature and Pilot Survey

Table 1.5 portrays the components of *responsiveness* dimension of service quality used in the study.

Table 1.5: Components of Responsiveness Dimension of Service Quality

Sl. No.	Components
1	Swiftness in serving customers
2	Readiness to respond customers' request
3	Patient listening of customers' problems
4	Willingness to solve customers' problems
5	Promptness of technology driven devices in responding customers' requisition

Note: Based on Review of Literature and Pilot Survey

Table 1.6 shows the components of *assurance* dimension of service quality used in the study.

Table 1.6: Components of Assurance Dimension of Service Quality

Sl. No.	Components
1	Knowledge and skill to meet customers' queries
2	Ability to make customers feel safe in their banking transactions
3	Trust and confidence generated in customers' mind
4	Etiquette towards customers
5	Maintenance of confidentiality of customers' account

Note: Based on Review of Literature and Pilot Survey

Table 1.7 shows the components of *empathy* dimension of service quality used in the study.

Table 1.7: Components of Empathy Dimension of Service Quality

Sl. No.	Components
1	Understanding specific needs of customers
2	Personal attention to customers
3	Use of customer friendly language by employees
4	Easy access for customers to branches
5	Ease of access to avail services associated with technology driven devices

Note: Based on Review of Literature and Pilot Survey

A structured schedule comprising of a numerical scale ranging from ‘*Strongly Disagree (=1)*’ to ‘*Strongly Agree (=5)*’ has been used for the assessment of both expectation and perception of customers about different components of service quality. For the purpose of conducting the survey on customers of SBI as well as UBI, it has been decided to contact a sample of 264 bank customers. The said sample size of 264 has been decided by using sample size calculator (www.macorr.com) after accepting a sampling error of 6% with confidence level of 95%. It may not be out of context to refer here that studies conducted by various researchers [eg. Dhar & Kushwah (2009); Karthikeyan & Mayilvaganan (2011); Dharmalingam & Kanan (2011); Kailash (2011); Lohani & Shukla (2011); Banerjee & Sah (2012); Ganesh (2012); Vemula (2012)] have also been based upon a sample size ranging from 200 to 300.

It has also been decided to contact equal number of customers from each of the two banks (SBI and UBI). Hence, 264 numbers of customers taking 132 numbers of customers from each of the two banks have been contacted using convenience sampling method. In India and abroad, a large number of studies on service quality of banks have been conducted by various researchers [eg. Shafie, Azmi & Haron (2004); Al-Fawzan (2005); Krishundutt & Parumasur (2009); Devi & Ramburuth (2012); Shanka (2012); Rai (2009); Ananth, Ramesh & Prabakaran (2011); Santhiyavalli (2011); Anand & Selvaraj (2012); Tripathi (2013)] using convenience sampling method.

Further, the customers of both the banks are also asked to share their opinion regarding the needed degree of improvement in each of five select dimensions of service quality on a five point rating scale, namely,

‘To a very little extent (=1)’,

‘To a little extent (=2)’,

‘To a moderate extent (=3)’,

‘To a large extent (=4)’ and

‘To a very large extent (=5)’.

Before initiating the collection of primary data, secondary data have been obtained from the Regional Offices of both SBI and UBI located at Silchar, the district Headquarter of Cachar district. Necessary information has also been procured from Lead bank of the district. Based on the information collected, it would be noteworthy to mention here that UBI has twenty five (25) numbers of branches while SBI has eighteen (18) numbers of branches operating in Cachar district of Assam as on 31st March, 2014. It is also not out of context to mention here that the number of branches of these two banks (SBI and UBI) in Cachar district together constitute more than 35% of the total number of branches of all banks operating in Cachar district of Assam.

For the purpose of conducting the field survey on customers of both the banks, the researcher has selected four (04) numbers of branches of SBI and four (04) numbers of branches of UBI operating in Cachar district of Assam. Out of the four branches of SBI, two are rural branches and remaining two are urban branches. Similarly, out of the four branches of UBI, two are rural branches and remaining two are urban branches. Thus, a total of eight (08) numbers of branches have been taken into consideration in order to conduct the field survey on customers of SBI and UBI in Cachar district of Assam.

After selecting the number of branches of both the banks, equal numbers of customers from each of the eight (08) sample branches have been surveyed. Since the sample size decided for the present study is two hundred and sixty four (264), so the responses of thirty three (33) numbers of customers from each of the eight (08) select branches have been considered for procuring the responses of the customers

with respect to their expectation and perception about select components of service quality. The field survey has been conducted by undertaking personal visit by the researcher in each of the eight (08) branches selected for the study during the year 2015 which may be considered as the reference year of the survey.

Customers of both the banks have been asked to share their expectation and perception on twenty four (24) components of five (05) service quality dimensions, namely, reliability, tangibility, responsiveness, assurance and empathy. Thereafter, *gap* has been measured by the researcher considering the methodology of SERVQUAL model (Parasuraman, Zeithaml & Berry, 1985), a globally recognized model for assessment of gap in service quality. In the present study, the terms '*service quality gap*' and '*gap in service quality*' have been interchangeably used.

Microsoft Excel and SPSS-version 18 have been used for the purpose of analysis of data obtained through field survey. So, after collecting data through field survey, the same has been fed into Microsoft Excel and SPSS-version 18. The collected data have been suitably classified and tabulated to attain the objectives of the study. Mean and standard deviation have been computed to analyze the data procured through field survey. Mann Whitney and Kruskal Wallis tests have been employed to test the hypotheses of the study. The entire exercise has been carried out to arrive at findings of the study.

1.6 Scope of the Study

1. The scope of the study is confined to those customers who are having at least one saving bank account for a period of at least one year before the date of survey in any of the eight (08) sample branches of both the banks (SBI and UBI) operating in Cachar district of Assam.
2. Customers include individuals only. Institutional customers like Govt. departments, educational institutions, hospitals, etc. are kept outside the purview of the study.
3. The gap between perception and expectation of customers with respect to service quality dimensions have been assessed only on the basis of twenty four (24) components of service quality categorized into five (05) dimensions of service quality.

1.7 Limitations of the Study

1. The present study is confined to the customers of both SBI and UBI in Cachar district of Assam only ignoring all other public sector as well as private sector banks even within the same district.
2. Each area has its own locational, demographic and other specificities. So, the findings of the study need to be interpreted with great caution for making any kind of generalization.
3. The chances of biasness in selecting sample for the present study may not be completely eliminated.
4. The present study is subject to all the limitations that are inherent in any study based on perception of the respondents.

1.8 Chapter Scheme

The organization of the present study is as follows:

Chapter- I: Introduction

This chapter includes the statement of the problem, conceptual framework, objectives of the study, hypotheses of the study, data source and methodology, scope of the study, limitations of the study and chapter scheme.

Chapter-II: Review of Literature

This chapter covers an extensive review of literature on the subject selected for the study.

Chapter-III: Profile of the Study Area and Respondents

The third chapter contains the profile of the study area and the profile of sample respondents of both SBI and UBI.

Chapter-IV: Service Quality Gap in State Bank of India

This chapter entails in it the analysis of data collected through field survey for assessing the gap between customers' perception and expectation regarding service quality in the branches of State Bank of India operating in Cachar district of Assam.

Chapter-V: Service Quality Gap in United Bank of India

This chapter entails in it the analysis of data collected through field survey for assessing the gap between customers' perception and expectation regarding service quality in the branches of United Bank of India operating in Cachar district of Assam.

Chapter-VI: Service Quality Gap in State Bank of India and United Bank of India

In this chapter data collected through field survey has been analyzed in order to compare the gap in service quality of State Bank of India and United Bank of India operating in Cachar district of Assam.

Chapter-VII: Findings, Suggestions and Conclusion

Being the final chapter it includes the summary of major findings, certain suggestions, scope for future research and is followed by a brief conclusion.
