Chapter 21
Measuring Service Quality Dimensions in Nationalized and Private Banks

Upendra Singh Panwar
SGSITS, India

ABSTRACT

Quality generally refers to something done by human beings at a very high level of excellence, oftentimes in the sense of works of perfection as being distinctive from inferior to mediocre performance. This chapter is an analytical study based mainly on the primary data collected through a scientifically developed scale. The scale was personally administered on a sample size of 202, chosen on a convenient basis from two banks, a nationalized bank and private bank. The scale of Parasuraman, Zeithml, and Berry (1986, 1988) was used here. In order to achieve higher levels of quality service in banking, banks should deliver higher levels of service quality, and in the present context, customers’ perceptions are highest in the level of infrastructure facilities of the bank. Owing to the increasing competition in retail banking, customer service is an important part and bank managers should rethink how to improve customer satisfaction.

1. INTRODUCTION

Quality generally refers to something done by human beings at a very high level of excellence, oftentimes in the sense of works of perfection as being distinctive from inferior mediocre performance. This is the sense in which quality will be used here. There is another sense of ‘quality’ as being a continuum from very poor to excellent. All stages of the continuum are part of ‘quality’ in that they all express some level of attainment of quality – even if in the inferior ranges. This sense is not helpful if what one wants to concentrate on is the ‘best’ effort as distinct from all efforts.

Service Quality

In general, the quality is basically classified into five categories, viz. transcendent, product led, process or supply led, customer led and value led. The definition of service quality is based on customer-led quality definition where quality is
defined as satisfying customer’s requirements (Deming, Juran, Feigenbaum and Ishikawa), relying on the ability of the organization to determine customers’ requirements and then meet these requirements.

The service industries are mostly customer driven and their survival in competitive environment largely depends on quality of the service provided by them. In this context, quality of service furnished by banking sector is very important and profitability of their business is closely connected to the quality of service they render.

**Dimension of Service Quality**

- **Theoretical Definition:** Service quality is perceived by customers as “the degree and direction of discrepancy between customers’ service perceptions and expectations” (Parasuraman, Zeithaml, & Berry, 1985, Abstract section, Para 1).

- **Operational Definition:** In this study, service quality factors include five dimensions of the 22-item, SERVQUAL instrument (Assurance, Empathy, Reliability, Responsiveness, and Tangibles) developed by Parasuraman et al. in 1988 (p. 23). Part 2 of the survey questionnaire contains the SERVQUAL instrument (Appendix D).

- **Assurance as a SERVQUAL Dimension:** The “knowledge and courtesy of employees and their ability to inspire trust and confidence” (Parasuraman et al., 1988, p. 23). In this study, assurance is the understanding and politeness of the specific commercial bank’s service providers and their capability to encourage trust and confidence as perceived by banking customers. Assurance is measured using 4 items of the assurance dimension of the 22-item SERVQUAL.

- **Empathy as a SERVQUAL Dimension:** “The ability to tune into others’ feeling[s]” (Cook, Macaulay, & Coldicott, 2004, p. 198). It is an emotional intelligence competency. Emotional intelligence is “a set of skills hypothesized to contribute the accurate appraisal and expression of emotion in oneself and in others, the effective regulation in self and others, and the use of feeling to motivate, plan, and achieve in one’s life” (Salovey & Mayer, 1990, p. 185). The emotional intelligence competence model consists of 20 emotional intelligence competencies categorized into four groups. These groups are self-awareness, self-management, social awareness, and social skills (Boyatzis, Goleman, & Rhee, 2000). Empathy is a mandatory competence of the social awareness cluster, which is one of four emotional intelligence competencies (Boyatzis et al., 2000). In this study, empathy, as one of the emotional intelligence competencies, is measured using the 5 items of the empathy dimension of the SERVQUAL.

- **Reliability as a SERVQUAL Dimension:** The “ability to perform the promised service dependably and accurately” (Parasuraman et al., 1988, p. 23). In this study, reliability is the ability of banking service providers at a specific commercial bank headquarters to execute the promised service as perceived by the specific commercial bank headquarters’ banking customers. This is measured using 5 items of the reliability dimension of the 22-item SERVQUAL.

- **Responsiveness as a SERVQUAL Dimension:** The “willingness to help customers and provide prompt service” (Parasuraman et al., 1988, p. 23). In this study, responsiveness is the readiness of banking service providers at a specific commercial bank headquarters to provide punctual services as perceived by a specific commercial bank headquarters’ banking customers. This is measured using 4 items