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Service Quality Gap in the Branches of United Bank of India: A Study in Cachar District of Assam

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Abstract

Financial sector reforms have changed the entire scenario of banking business in India. The entry of private sector banks as well as foreign banks has posed enormous challenges to the public sector banks in India and United Bank of India are no exception to this. To survive in this competitive regime, banks need to give emphasis on delivery of quality services to their customers. Delivery of quality services will not only enable the banks to make their customers satisfied but will also help the banks in enhancing their profit earning capacity. The present study tires to identify the gap (Perception-Expectation) in service quality of the branches of United Bank of India (UBI) operating in Cachar district of Assam. One sample Kolmogorov Smirnov test has been applied to ensure the distribution of the data. Further, gap in service quality dimensions across the branches of UBI has been tested using Analysis of Variance (ANOVA). The study reveals that at 5 % level of significance there exists significant difference in the gap with respect to all the dimensions under study except reliability and tangibility dimensions of service quality.

Keywords: *Service Quality, Reliability, Tangibility*

JEL Classification: *G21, M30, M31*

Introduction

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. In fact, 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 (Paul, 2017). 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 (Paul, 2017). In other words, provision of high service quality by a bank is necessary in meeting several requirements, such as, customer satisfaction and its consequent loyalty, which in turn, increases the market share and profitability of a bank (Kumari & Rani, 2011).

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Review of Literature

Rahaman, Abdullah & Rahman (2011) found that among five dimensions of service quality, responsiveness dimension showed the largest negative gap followed by reliability, assurance, tangibility and empathy dimensions. In a similar way, Nair & Nair (2013) observed highest negative gap in case of tangibility dimension which had been followed by reliability, responsiveness, empathy and assurance dimensions of service quality. Tripathi (2013) found that out of the seven dimensions of service quality, namely, tangibility, reliability, responsiveness, assurance, empathy, ease of use and variety of products, reliability dimension recorded the highest negative gap score and tangibility the lowest negative gap score. Ilyas, Nasir, Malik, Mirza & Munir (2013) revealed that out of the five dimensions of service quality, tangibility, responsiveness and reliability dimensions showed positive gap while assurance and empathy dimensions showed negative gap. Similarly, Ariffin, Aziz & Rahman (2014) concluded that all the dimensions under study, namely, reliability, empathy, tangibility and special requirement showed negative gap. Rathee, Deveshwar & Rajain (2014) revealed negative gap regarding all the five dimensions of service quality as none of the banks had been able to meet the expectation of customers over any of the select dimensions. Muthusamy (2014) concluded that there existed negative gap regarding all five dimensions of service quality.

The literature surveyed reveals that five dimensions, namely, reliability, tangibility, responsiveness, assurance and empathy plays a great role to analyze the gap in service quality. Thus, in order to find out the gap in service quality of the branches of UBI operating in Cachar district of Assam the said five dimensions have been considered.

Objectives of the Study

1. To analyze the branch-wise gap (Perception-Expectation) in select dimensions of service quality of UBI in Cachar district of Assam.
2. To analyze the branch-wise gap (Perception-Expectation) in service quality of UBI in Cachar district of Assam.

Hypotheses of the Study

1. There is no significant difference in the gap (Perception-Expectation) with respect to select dimensions of service quality across the select branches of UBI operating in Cachar district.
2. There is no significant difference in the gap (Perception-Expectation) with respect to service quality across the select branches of UBI operating in Cachar district.

Methodology of the Study

The present study calls for the collection of primary data through field survey. An interview schedule has been prepared with 24 statements covering five dimensions of service quality, namely, reliability, tangibility, responsiveness, assurance and empathy for recording the responses of customers on two aspects, i.e., perception as well as expectation. The sample size for the present study is 80 customers, taking 20 customers each from four

branches of United Bank of India operating in Cachar district of Assam. A numerical scale ranging from Strongly Disagree (1) to Strongly Agree (5) has been used to record the responses of customers.

Gap in the dimensions of service quality has been computed by considering the methodology of SERVQUAL model (Parasuraman, Zeithaml & Berry, 1985).

Gap = Perception of Customers - Expectation of Customers

In the present study, the terms *'gap in service quality'*, *'gap with respect to service quality'* and *'service quality gap'* have been interchangeably used. Negative gap scores imply that customers' perceptions is less than their expectations and positive gap scores imply that customers' expectations is less than their perception. Normality of the data has been ensured using one sample Kolmogorov Smirnov test. Further, ANOVA has been employed in order to test the hypotheses of the present study.

Data Analysis and Interpretation

Table 1 shows the normality test of the gap in dimensions of service quality. One sample Kolmogorov Smirnov test has been employed to test the normality of the data. It can be seen from Table 1 that p values of gap in each of the five dimensions of service quality as well as gap in service quality are greater than 0.05. Thus, it can be concluded that the distribution of the data i.e. gap in dimensions of service quality as well as gap in service quality is normal.

Table 1: Normality Test of the Gap in Dimensions of Service Quality

Gap in Dimensions	Kolmogorov Smirnov Z	p value
Reliability	1.013	0.257
Tangibility	1.131	0.155
Responsiveness	0.799	0.546
Assurance	1.156	0.138
Empathy	1.137	0.151
Gap in Service Quality	**0.858**	**0.453**

Source: Based on Field Survey

Table 2 shows the branch wise gap in reliability dimension of service quality in United Bank of India. From the table, it can be seen that the gap score with respect to reliability dimension is negative in case of all four branches of UBI operating in Cachar district of Assam. This implies that none of the select branches of UBI could meet the expectation of its customers regarding the said dimension. However, the negative gap regarding reliability dimension is the highest in case of Silchar branch (-1.45) which has been followed by Sonai (-1.18), Nagatilla Point (-0.93) and Hospital Road (-0.92) branches of UBI operating in Cachar district of Assam.

Table 2: Branch wise Gap in Reliability Dimension of Service Quality

Branches of UBI	Gap Score (Perception - Expectation)	Result of ANOVA
Sonai	-1.18	F value = 2.322 p value = 0.082
Nagatilla Point	-0.93	
Silchar	-1.45	
Hospital Road	-0.92	

Source: Based on Field Survey

ANOVA has been applied to test the hypothesis. The result of ANOVA having F value = 2.322 and p value = 0.082 reveals that there is no significant difference in the gap with respect to reliability dimension of service quality across the select branches of UBI operating in Cachar district at 5% level of significance.

Table 3: Branch wise Gap in Tangibility Dimension of Service Quality

Branches of UBI	Gap Score (Perception - Expectation)	Result of ANOVA
Sonai	-1.11	F value = 2.171 p value = 0.098
Nagatilla Point	-0.66	
Silchar	-1.25	
Hospital Road	-0.69	

Source: Based on Field Survey

Table 3 shows the branch wise gap in tangibility dimension of service quality in United Bank of India. From the table, it can be seen that the gap score with respect to tangibility dimension is negative in case of all four branches of UBI operating in Cachar district of Assam. This implies that none of the select branches of UBI could meet the expectation of its customers regarding the said dimension. However, the negative gap regarding tangibility dimension is the highest in case of Silchar branch (-1.25) which has been followed by Sonai (-1.11), Hospital Road (-0.69) and Nagatilla Point (-0.66) branches of UBI operating in Cachar district of Assam.

Table 4 shows the branch wise gap in responsiveness dimension of service quality in United Bank of India. From the table, it can be seen that the gap score with respect to responsiveness dimension is negative in case of all four branches of UBI operating in Cachar district of Assam. This implies that none of the select branches of UBI could meet the expectation of its customers regarding the said dimension. However, the negative gap regarding responsiveness dimension is the highest in case of Silchar branch (-1.83) which has been followed by Hospital Road (-1.36), Nagatilla Point (-1.22) and Sonai (-1.15) branches of UBI operating in Cachar district of Assam.

Table 4: Branch wise Gap in Responsiveness Dimension of Service Quality

Branches of UBI	Gap Score (Perception - Expectation)	Result of ANOVA
Sonai	-1.15	F value = 3.023 p value = 0.035
Nagatilla Point	-1.22	
Silchar	-1.83	
Hospital Road	-1.36	

Source: Based on Field Survey

ANOVA has been applied to test the hypothesis. The result of ANOVA having F value = 3.023 and p value = 0.035 reveals that there is significant difference in the gap with respect to responsiveness dimension across the select branches of UBI operating in Cachar district at 5% level of significance.

Table 5: Branch wise Gap in Assurance Dimension of Service Quality

Branches of UBI	Gap Score (Perception - Expectation)	Result of ANOVA
Sonai	-0.62	F value = 6.318 p value = 0.001
Nagatilla Point	-0.31	
Silchar	-1.16	
Hospital Road	-0.60	

Source: Based on Field Survey

Table 5 shows the branch wise gap in assurance dimension of service quality in United Bank of India. From the table, it can be seen that the gap score with respect to assurance dimension is negative in case of all four branches of UBI operating in Cachar district of Assam. This implies that none of the select branches of UBI could meet the expectation of its customers regarding the said dimension. However, the negative gap regarding assurance dimension is the highest in case of Silchar branch (-1.16) which has been followed by Sonai (-0.62), Hospital Road (-0.60) and Nagatilla Point (-0.31) branches of UBI operating in Cachar district of Assam.

ANOVA has been applied to test the hypothesis. The result of ANOVA having F value = 6.318 and p value = 0.001 reveals that there is significant difference in the gap with respect to assurance dimension across the select branches of UBI operating in Cachar district at 5% level of significance.

Table 6 shows the branch wise gap in empathy dimension of service quality in United Bank of India. From the table, it can be seen that the gap score with respect to empathy dimension is negative in case of all four branches of UBI operating in Cachar district of

Assam. This implies that none of the select branches of UBI could meet the expectation of its customers regarding the said dimension. However, the negative gap regarding empathy dimension is the highest in case of Sonai (-1.47) which has been followed by Silchar branch (-1.06), Hospital Road (-0.96) and Nagatilla Point (-0.60) branches of UBI operating in Cachar district of Assam.

Table 6: Branch wise Gap in Empathy Dimension of Service Quality

Branches of UBI	Gap Score (Perception - Expectation)	Result of ANOVA
Sonai	-1.47	F value = 3.837 p value = 0.013
Nagatilla Point	-0.60	
Silchar	-1.06	
Hospital Road	-0.96	

Source: Based on Field Survey

ANOVA has been applied to test the hypothesis. The result of ANOVA having F value = 3.837 and p value = 0.013 reveals that there is significant difference in the gap with respect to empathy dimension across the select branches of UBI operating in Cachar district at 5% level of significance.

Table 7 shows the branch wise gap in service quality of United Bank of India. From the table, it can be seen that the gap score with respect to service quality is negative in case of all four branches of UBI operating in Cachar district of Assam. This implies that none of the select branches of UBI could meet the expectation of its customers regarding service quality. However, the negative gap regarding service quality is the highest in case of Silchar branch (-1.35) which has been followed by Sonai (-1.11), Hospital Road (-0.92) and Nagatilla Point (-0.75) branches of UBI operating in Cachar district of Assam.

Table 7: Branch wise Gap in Service Quality

Branches of UBI	Gap Score (Perception - Expectation)	Result of ANOVA
Sonai	-1.11	F value = 3.674 p value = 0.016
Nagatilla Point	-0.75	
Silchar	-1.35	
Hospital Road	-0.92	

Source: Based on Field Survey

ANOVA has been applied to test the hypothesis. The result of ANOVA having F value = 3.674 and p value = 0.016 reveals that there is significant difference in the gap with respect to service quality across the select branches of UBI operating in Cachar district at 5% level of significance.

Conclusion

Service quality of a bank can best be measured by comparing the customers' perceptions of services with their expectations about the services. The process enables a bank to indentify the aspects where the customers' expectations are not met and thereby helps in taking necessary steps to reduce the gap. This ultimately adds to the number of satisfied customers of the bank. Delivery of quality services facilitates banks to gain a competitive advantage over their competitors. The present study concludes that there exists negative gap in all four branches of UBI operating in Cachar district of Assam regarding all the select dimensions of service quality. This implies that none of the branches of UBI could meet the expectation of its customers. However, at 5 % level of significance, there exists significant difference in the gap across the branches of UBI with respect to all the dimensions except reliability and tangibility dimensions of service quality.

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