A Comparison of Service Quality Gap in State Bank of India and United Bank of India

DR. BISWAJIT PAUL*

Abstract

The present study aims to make a comparative analysis of 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. In order to attain the objectives of the study mean score of both expectation and perception of the customers has been computed and Gap has been calculated following the methodology of SERVQUAL model. For testing the hypotheses, distribution free non-parametric test i.e. Mann Whitney test has been applied. The study concludes that none of the banks could meet the expectations of their customers regarding any of the five select dimensions of service quality. However, there exist significant difference between SBI and UBI in the gap at 5% level of significance with respect to responsiveness, assurance and empathy dimensions of service quality.

***Keywords**: Service Quality Gap, State Bank of India, United Bank of India, SERVQUAL model*

***JEL Classification:** G21, M30, M31*

Introduction

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). 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 evolving expectations of their existing customers by giving persistent efforts in making qualitative improvement in their delivery of services (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). Deliverance of quality services by a bank makes it easy for the customers to retain their relationship with the bank.

Review of Literature

Meenakumari (2008) revealed that none of the different categories of Indian banks met the expectation of customers and responsiveness dimension with highest negative gap

*Assistant Professor, Department of Commerce, Karimganj College, Karimganj, Assam, Email: bpaul1987@gmail.com

while assurance dimension with lowest gap. Mualla (2011) found that out of five dimensions of service quality, tangibility dimension showed maximum negative gap followed by empathy, assurance, responsiveness and reliability dimensions. Devi & Ramburuth (2012) observed negative gap for all the five service quality dimensions, namely, tangibility, empathy, assurance, responsiveness and reliability. Banerjee & Sah (2012) observed lower service gap scores for private sector banks in comparison to public sector banks for the dimensions, such as, tangibility, reliability, responsiveness and empathy but the score for assurance dimension was lower in case of public sector banks. Nair & Nair (2013) revealed negative service gap in case of all the five dimensions of service quality as neither the private sector banks nor the public sector banks had been able to meet the expectation of customers over any of the select dimensions, namely, tangibility, empathy, assurance, responsiveness and reliability. Paul & Adhikari (2017) found that both the banks i.e. SBI and UBI were not able to fulfill the expectation of their customers. However, out of the five dimensions of service quality highest negative gap had been observed with respect to responsiveness dimension in case of both the banks.

The above review of literature states that reliability, tangibility, responsiveness, assurance and empathy dimensions largely affect the service quality of banks. Thus, the said five dimensions have been selected for the present study.

Objectives of the Study

1. To make a comparative analysis of gap in select dimensions of service quality of State Bank of India and United Bank of India in Cachar District of Assam.
2. To make a comparative analysis of gap in overall service quality of State Bank of India and United Bank of India in Cachar District of Assam.

Hypotheses of the Study

1. SBI and UBI in Cachar district of Assam do not differ significantly with respect to gap in select dimensions of service quality.
2. SBI and UBI in Cachar district of Assam do not differ significantly with respect to gap in overall service quality.

Data Source and Methodology

The present study calls for collection of primary data and the population of the study includes customers from the branches of State Bank of India (SBI) and United Bank of India (UBI) operating in Cachar district of Assam. The sample size for the present study is 72 customers taking 36 customers from four (04) branches of SBI and another 36 customers from four (04) branches of UBI operating in Cachar district of Assam. The survey instrument of the study has been designed with 26 statements for both expectation and perception of customers. Out of the 26 statements, 24 statements have been grouped under five dimensions of service quality (reliability, tangibility, responsiveness, assurance and empathy) and 2 statements have been used to record the responses of customers on overall service quality. 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 and overall service quality has been computed using the methodology of SERVQUAL model (Parasuraman, Zeithaml, & Berry, 1985).

Gap = Perception of Customers (P) – Expectation of Customers (E)

In the present study, the terms 'gap in overall service quality' and 'overall service quality gap' have been interchangeably used. Negative gap scores imply that the customers' perceptions are less than their expectations and positive gap scores imply that the customers' expectations are less than their perceptions. Distribution free non-parametric test, such as, Mann Whitney test has been employed to test the hypotheses of the study.

Data Explanation

Table 1 shows the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to reliability dimension of service quality.

Table 1: Reliability Dimension of Service Quality of SBI and UBI

Bank	Expectation (E)	Perception (P)	Gap (P-E)	Mann Whitney U Value	*p value*
SBI	4.9500	3.7389	-1.2111	496.500	0.086
UBI	4.8500	3.9056	-0.9444		

Source: Field Survey

It can be seen from Table 1 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding reliability dimension of service quality. However, the negative gap is more in SBI (-1.2111) as compared to UBI (-0.9444). The mean score for expectation of customers is higher in SBI (4.9500) as compared to UBI (4.8500). But the mean score for perception of customers is comparatively higher in UBI (3.9056) than that of SBI (3.7389).

The computed Mann Whitney U value is 496.500 and its corresponding p value is 0.086 which is greater than 0.05. Thus, it implies that at 5% level of significance there is no statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in reliability dimension of service quality.

Table 2 depicts the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to tangibility dimension of service quality.

Table 2: Tangibility Dimension of Service Quality of SBI and UBI

Bank	Expectation (E)	Perception (P)	Gap (P-E)	Mann Whitney U Value	*p value*
SBI	4.5278	3.9931	-0.5347	624.500	0.790
UBI	4.4931	3.8889	-0.6042		

Source: Field Survey

It can be seen from Table 2 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding tangibility dimension of service quality. However, the negative gap is more in UBI (-0.6042) as compared to SBI (-0.5347). The mean score for expectation of customers is higher in SBI (4.5278) as compared to UBI (4.4931). Similarly, the mean score for perception of customers is comparatively higher in SBI (3.9931) than that of UBI (3.8889).

The computed Mann Whitney U value is 624.500 and its corresponding p value is 0.790 which is greater than 0.05. Thus, it implies that at 5% level of significance there is no statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in tangibility dimension of service quality.

Table 3 shows the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to responsiveness dimension of service quality.

Table 3: Responsiveness Dimension of Service Quality of SBI and UBI

Bank	**Expectation (E)**	**Perception (P)**	**Gap (P-E)**	**Mann Whitney U Value**	***p value***
SBI	4.8778	3.2278	-1.6500	436.000	0.016
UBI	4.8444	3.6333	-1.2111		

Source: Field Survey

It can be seen from Table 3 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding responsiveness dimension of service quality. However, the negative gap is more in SBI (-1.6500) as compared to UBI (-1.2111). The mean score for expectation of customers is slightly higher in SBI (4.8778) as compared to UBI (4.8444). But the mean score for perception of customers is comparatively higher in UBI (3.6333) than that of SBI (3.2278).

The computed Mann Whitney U value is 436.000 and its corresponding p value is 0.016 which is less than 0.05. Thus, it implies that at 5% level of significance there is statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in responsiveness dimension of service quality.

Table 4 depicts the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to assurance dimension of service quality.

Table 4: Assurance Dimension of Service Quality of SBI and UBI

Bank	**Expectation (E)**	**Perception (P)**	**Gap (P-E)**	**Mann Whitney U Value**	***p value***
SBI	4.8722	4.0278	-0.8444	444.500	0.021
UBI	4.8278	4.3444	-0.4834		

Source: Field Survey

It can be seen from Table 4 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding assurance dimension of service quality. However, the negative gap is more in SBI (-0.8444) as compared to UBI (-0.4834). The mean score for expectation of customers is slightly higher in SBI (4.8722) as compared to UBI (4.8278). But the mean score for perception of customers is comparatively higher in UBI (4.3444) than that of SBI (4.0278).

The computed Mann Whitney U value is 444.500 and its corresponding p value is 0.021 which is less than 0.05. Thus, it implies that at 5% level of significance there is statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in assurance dimension of service quality.

Table 5 shows the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to empathy dimension of service quality.

Table 5: Empathy Dimension of Service Quality of SBI and UBI

Bank	Expectation (E)	Perception (P)	Gap (P-E)	Mann Whitney U Value	*p value*
SBI	4.7111	3.8278	-0.8833	445.000	0.022
UBI	4.3778	3.8222	-0.5556		

Source: Field Survey

It can be seen from Table 5 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding empathy dimension of service quality. However, the negative gap is more in SBI (-0.8833) as compared to UBI (-0.5556). The mean score for expectation of customers is higher in SBI (4.7111) as compared to UBI (4.3778). Similarly, the mean score for perception of customers is slightly higher in SBI (3.8278) as compared to that of UBI (3.8222).

The computed Mann Whitney U value is 445.000 and its corresponding p value is 0.022 which is less than 0.05. Thus, it implies that at 5% level of significance there is statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in empathy dimension of service quality.

Table 6 depicts the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to overall service quality.

Table 6: Overall Service Quality of SBI and UBI

Bank	Expectation (E)	Perception (P)	Gap (P-E)	Mann Whitney U Value	*p value*
SBI	4.5694	3.3333	-1.2361	558.000	0.302
UBI	4.8750	3.3611	-1.5139		

Source: Field Survey

It can be seen from Table 6 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding overall service quality. However, the negative gap is more in UBI (-1.5139) as compared to SBI (-1.2361). The mean score for expectation of customers is higher in UBI (4.8750) as compared to SBI (4.5694). Similarly, the mean score for perception of customers is slightly higher in UBI (3.3611) as compared to that of SBI (3.3333).

The computed Mann Whitney U value is 558.000 and its corresponding p value is 0.302 which is greater than 0.05. Thus, it implies that at 5% level of significance there is no statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in overall service quality.

Conclusion

Service quality is considered to be an essential element for a banking business with the help of which a bank can gain a competitive advantage over its rivals in this highly competitive arena. It can best be judged by comparing the expectations of customers with their experiences about the services offered by the banks. Deliverance of quality services enables a bank to maintain a sustainable relationship with its customers which ultimately leads to enhanced profitability. It makes a bank highly recognized by the people of the society and thereby increases the number of potential customers of the bank. The present study concludes that both the banks are not able to meet the expectation of their customers and the bank management need to formulate necessary plans and policies to reduce the gap in all the select dimensions of service quality. However, at 5% level of significance, there exists significant difference between SBI and UBI in the gap with respect to responsiveness, assurance and empathy dimensions of service quality.

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