

A SYSTEMATIC APPROACH TO ENHANCE SERVICE QUALITY PERFORMANCE IN INDIAN BANKS

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ABSTRACT:

The attainment of quality in banking service sector has become a pivotal concern in the present era. This article examines the problems related to service sector marketing (banks) and available strategic solutions to such problems. The paper develops a conceptual model for understanding service problems and related solutions. The review of various service quality papers and model revealed that the problems are basically originated at marketers and point and strategic solutions are related to factors such as tangibility, reliability variables, assurance, compactly and responsiveness. In addition to this there is a good scope for developing a conceptual model or framework which shows relationship between service quality problems service quality solutions and service quality measurement (comparing bank's perception to customers' expectations) therefore providing a rich agenda for future research in the subject.

Key words: *Service Quality, Strategic solutions, service marketing problems, bank performance.*

I. INTRODUCTION

The fast-growing economies of countries and rapidly changing environment are offering challenges to the banking organisations. Service is the most critical factor in performance of a bank service quality is the outcome and its measurement is dependent on type of service setting, situation, time, need etc. (Nitin Seth and S.G. Deshmukh 2004).

During the past few years, the major area of attention to the researchers, managers and practitioners is the service quality as it has strong impact on business performance, customer satisfaction customer loyalty, lower costs and increased profitability (Cronin and Taylor, 1992; Gammie, 1992; Hallowell, 1996; Chang and Chen, 1998; Gummesson, 1998; Lasser et. al., 2000; Silvestro and Cross, 2000; Newman 2001; Suresh Chaader et al., 2002; Guru, 2003; Leonard and Sasser 1982; etc.

II. SERVICE QUALITY

Service characteristics involves intangibility, heterogeneity (Non-standardization), inseparability of production and consumption, perishability (Cannot be inventoried). "The customer must be present during the production of many services, inseparability "forces the buyer into contact with the production process" (Carmen and Langeard 1980 p.8). Heterogeneity refers to high variability in the performances of services provided by different firms.

Perishability means that services cannot be saved (Besson and Jackson 1975, Thomas 1978) Intangibility according to Bateson (1977) is the major and critical difference between goods and services from which all other differences emerge (Bateson 1977).

III. SERVICE FEATURES AND MARKETING PROBLEMS

Intangibility

- Services cannot be stored
- Services cannot be protected through patents
- Services cannot be communicated or displayed
- Prices of services difficult to fix

Inseparability

- Consumers are involved in production
- Mass production of services not possible
- Third person involved in production

Heterogeneity

- Standardisation of services not possible
- Quality control difficult to achieve

Perishability

- The services cannot be stored for future
- Suggested strategic solutions to service problems

A. Intangibility

1. More stress should be put on tangible factors (Berry 1980; Booms and Bitner (1982).
2. Focus on creating good organization image in market (Thomas 1978; Judd 1968)
3. The emphasis should be more on using personal sources rather than non-personal sources (Domelly 1980; Johnson 1969).
4. Checking post purchase communications (Fisk 1981)
5. More focus on simulate word of mouth communications (George and Berry 1981).
6. Controlling cost for setting up reasonable pricing

B. Inseparability

1. Emphasizing on selection and training of employees for better public contact and communications (Berry 1981; Gronroos 1978).
2. Art of managing consumers (Lovelock 1981)
3. Using multisite locations (Upah 1980).

C. Heterogeneity

1. Industrialisation of services (Levitt 1972, 1976)
2. Customisation of services (Bell 1981; Berry 1980)

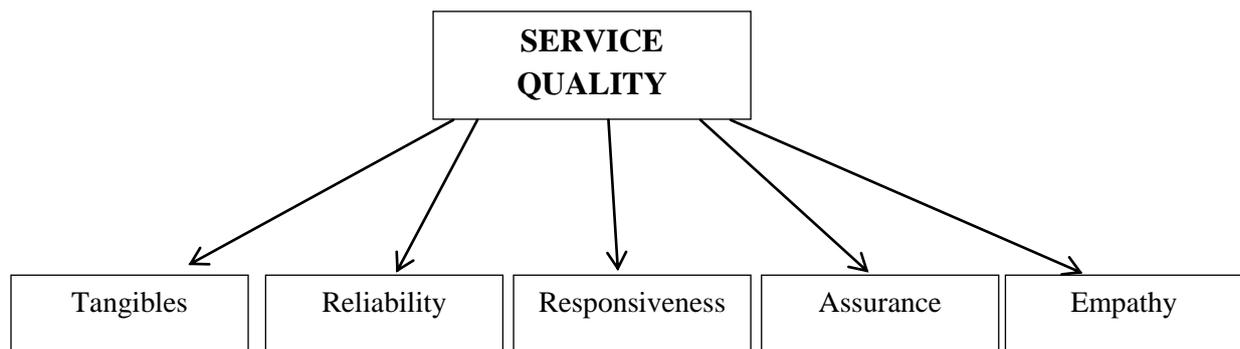
D. Perishability

1. Advance formulation of strategies to face the fluctuating demand problems (Lovelock 1981).
2. Making parallel adjustment in demand and capacity to achieve a closer balance between the two (Sasser 1976).

IV. Problems and strategies of Service marketers from customer end

- Literature review related to some major research and handful of writings (Gronroos 1982; Lehtinen 1982)
- Lewis and Boons 1983; Sasser, Olsen and Wyckoff 1978 suggested few underlying themes;
- Service quality evaluation is more difficult for consumer than goods quality.
- Service quality perceptions emerges from comparison of consumer expectations with actual service performance.
- Evaluations of services are not done only on the outcome of a service but they also involve evaluations of the services delivery procedure.

Service quality concept given by Parasuraman Zeithaml, and Berry (1988) and studied by Cronin and Taylor (1992).



The literature suggests that each unique characteristic of service creates specific problems for service marketers and necessitates special strategies for dealing with them. (Zeithaml, A. Parasuraman and Leonard Berry, 1985).

V. Problems of service quality marketing in view of customers

1. **Tangibility management problems**
Physical features of service counter, interior of service bank office, location etc.
2. **Responsiveness management problems**
Willing of the bank personnel to help customers and provide fast services at request of customers.
3. **Reliability related problems**
Ability of the bank to perform promised services timely and accurately
4. **Assurance Management Problems:**
Maintaining required level of knowledge by bank's employees and courtesy too.

5. Empathy management problems

Individualized attention and care provided by bank employees to its customers.

VI. Strategies to face customer's expectations

1.	Tangibility	Good decoration and interior inside the banks Modern technology equipment's like computers Good sitting facility for customers inside the bank good appearance of the employees location of bank must be convenient
2.	Responsiveness	Customer's request must be responded fast Fast redressal system of complaints Fast and prompt service from the bank staff Employees willingness to help customers Fast transactions system of the bank (opening of accounts, balance information deposits, cheque clearances online transaction facility and link etc.

Problems	Solutions Items
Reliability	Reception counter must be cooperative Availability of the employees at reception counters. Contact facility with top officials in case of need. Error free records and lack of mistakes Dependable services from employees well on time. Sincere interests of employees in solving customer's problems.
Assurance	Branch manager and counter employees must possess courtesy Trustworthiness of employees Confidentiality in transactions and safety inside the bank Capability of employees to handle customer's problems & questions Ability of employees to advice and give suggestions on investments /tax benefits.
Empathy	Give proper attention to each customer's convenient operating hours. Taking care of customer's interests and needs

Problems and strategies to improve service performance in banks: a conceptual model discussed in **figure 1** and **figure 2**.

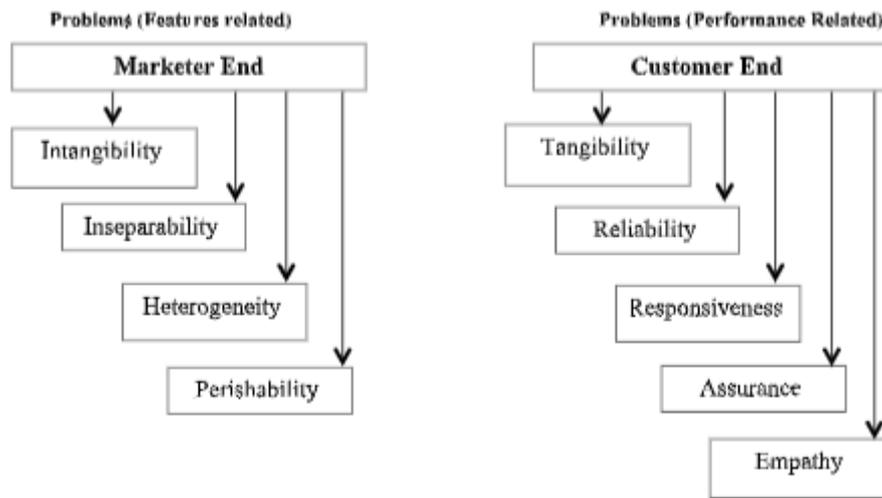


Figure 1 (Based on literature on service quality)

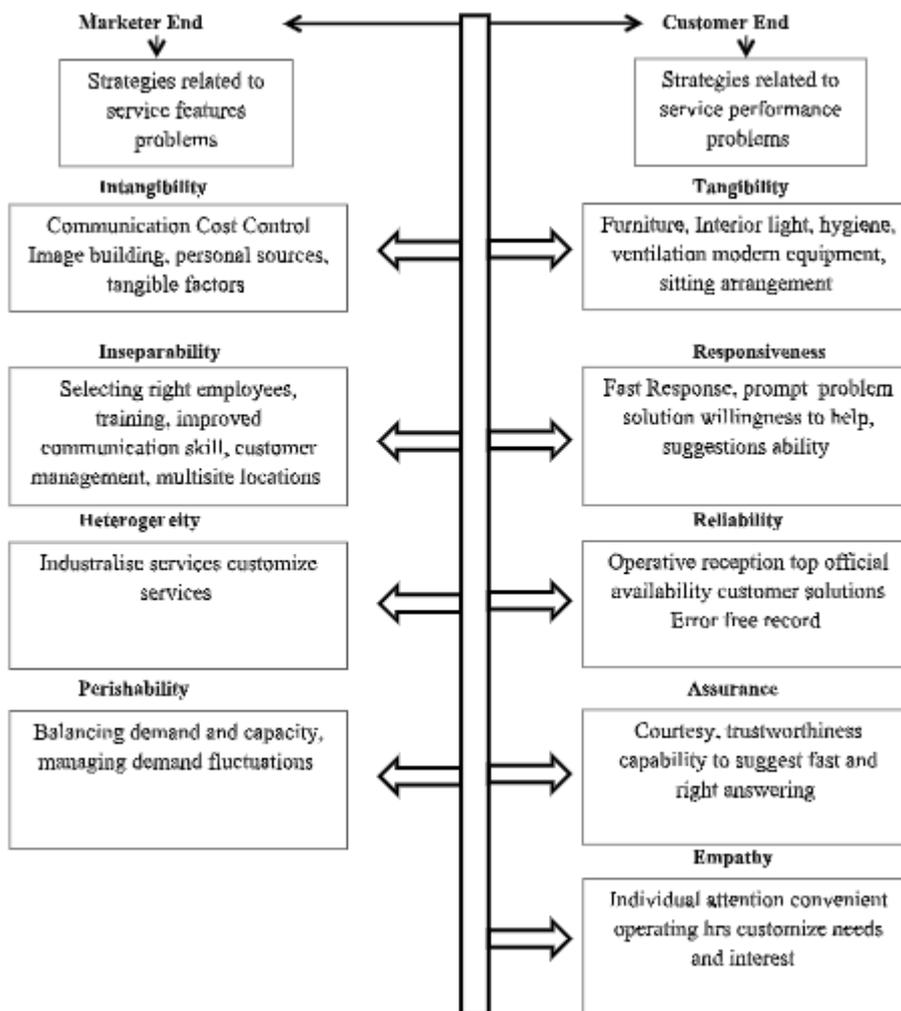


Figure 2: (Based on previous literature and research works)

VII. DISCUSSIONS

In the above service quality model, shown in figure 1 & 2 problems related to service itself and in performance of service are well explored further how to control these problems some strategic solutions are offered to help bank organization in improving their service quality performance and increase customer satisfaction. The problems are found both at marketers end and customers end marketers end problems are basically related to basic features of service itself and customer end problems involves delivery of services or performance of quality service. One important thing to note here is that solutions at both the end must go simultaneously in a parallel manner because the production and consumption of services is done at same time.

VIII. PERFORMANCE EVALUATION OF SERVICE DELIVERY

The reset interrelated topic for further investigation here is performance evaluation of how service is delivered to customers they satisfied? Hereby comparing the customer expectations with management perceptions.

In reality, bank executives may not always understand what features cannot high quality in customers mind in advance, what types of features a service provide in order to meet consumer needs, further what performance levels connote high quality services on those features. This understanding is consistent with previous studies in service sector that suggests that service marketer may not always understand what are exactly customers' expectations in a service market (Langeard et.al. 1981 Parasurman and Zeithaml 1982) thus this lack of understanding affect quality perceptions of consumers which results in basically four types of gaps.

Proposition 1: The gap between management perception and customers' expectations, impacting consumers evaluation of service quality.

Proposition 2: The gap between the firm's service quality specifications and management perceptions of consumer expectations, affecting service quality from consumer's viewpoint.

Proposition 3: The gap between actual delivery of service and service quality specification resulting customers dissatisfaction.

Proposition 4: The gap between actual service delivery and external communications about service, affecting service quality from a consumer's standpoint.

Service problems, service strategies and service comparisons (between management perceptions and customers' expectations) is a trial which provide an insight for understanding and measuring the performance and efficiency of banking service quality.

IX. SCOPE FOR FUTURE RESEARCH

The proposed service quality related framework for problems and strategic solutions (figure 1 and figure 2) is an area where handful research is available. It is based on literature review of various previous research work done in the field of service quality features, service quality models, conceptual framework for customer expectations and management perceptions, service quality communication, service quality performance evaluations like SERVQUAL and SERVPERF models. But there is a need to develop a more improved model or conceptual framework which shows inter-relatedness of triad –problems of bank service sector, strategic solution of those

bank service sector problems and then performance evaluation of bank perceptions and customers' expectations related to quality service delivery whereby knowing whether the customer satisfaction is achieved or not.

X. CONCLUSIONS

The analytical research done in this research paper (based on study of previous research work related to service quality in banking) offers various insights and propositions concerning marketers' problems related to quality service in banking and some strategic solution suggested therein on one hand and other side it helped to explain service expectations by the bank customers. The research also pointed out the need for comparing the bank management perceptions and actual consumer expectations while delivering the service quality by the banks. Which found four major gaps propositions related to customer satisfactions and bank's perceptions of service quality expectations by customers the major outcome of the research paper is suggested bank service quality problems and solutions conceptual frame work that will hopefully spawn both academic and practitioner interest in bank service quality and would service as a framework for further research in this important area.

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