To Study Relationship between the Dimensions of Service Quality and Customer Satisfaction, Customer Loyalty and Customer Switchover Intention of Public Sector Banks

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Abstract- The article tries to find out the “relationship between the dimensions of service quality and, customer satisfaction, customer loyalty and customer switchover intention of public sector banks” is undertaken among the customers who maintain relationship with the public sector banks in the Salem district at different geographic locations namely, rural, semi-urban, and urban where different customers are studied. Service Quality has significant correlation at the 0.01 level with the other factors variables namely, Customer Satisfaction \( r = 0.673 \), Customer Loyalty \( r = 0.565 \), Customer Switchover Intention \( r = 0.441 \). From this result it is very clear that Service Quality has higher and significant correlation with Customer Satisfaction and Customer Loyalty than Customer Switchover Intention. It is also found that Customers have more satisfaction with the present banking service quality. Hence, it is concluded that Customer Switchover Intention has significant lower correlation with banking service quality, customer satisfaction and loyalty. Retaining of existing customers and capturing the new customers is a challenging task for the bank managers. Therefore, bank managers should regularly monitor employees’ skills, efficiency and dealing with customers and should confirm whether all business transactions are made with ethical procedures.

Keywords: Customer Service Expectations, Service Quality Performance, Public Sector Banks, Salem District and Customer Perception.

I. INTRODUCTION

In the organized segment of Indian economy, the banking sector occupies an important place in nation’s economy. It plays a pivotal role in the economic development of a country and forms the core of the money market in developed country. Banks have to deal with many customers every day and render various types of services to its customers. It is a well known fact that no business can exist without customers. Not so long ago, accessing our own money was about setting aside a couple of hours, getting to the bank before closing time, standing in a queue to get a token and then in another to collect the cash. The banking industry like many other financial service industries is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers, and the changing climate has presented an unprecedented set of challenges. Banking is a customer-oriented service industry; therefore, the customer is the focus and customer service is the differentiating factor.

Satisfaction is not an essential requirement for loyalty; so satisfied customers do not have to be loyal but there is a correlation between the satisfied customers and loyal customer (Srinivasan, 2007). Unsatisfied customers are also loyal due to attachment and commitment to the supplier. And satisfied customers, if lack the trust, commitment and attachment with the suppliers products and services will always deflect once they find a competitor with better quality of products and services. With the phenomenal increase in the country's population and the increased demand for banking services speed, service quality, customer satisfaction, and customer loyalty are going to be key differentiators for each bank's future success. Thus, it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge.

The banking industry in India has undergone sea changes since post-independence. The business depends upon client services and the satisfaction of the customers and this is compelling them to improve customer services and build up relationship with customers. The main driver of this change is changing customer needs and expectations. Customers in urban India no longer want to wait in long queues and spend hours in banking transactions. This change in customer attitude has gone hand in hand with the increased demand for banking services speed, service quality, customer satisfaction, and customer loyalty are going to be key differentiators for each bank's future success. Thus, it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge.
hand with the development of ATMs, phone and net banking along with availability of service right at the customer's doorstep.

II. REVIEW OF LITERATURE

Oliver (1997) provides a formal definition, cited in Zeithaml, et al. (2009), stating that “Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption with related fulfillment”. Zeithamlal, et al. (2009) defined satisfaction in less technical terms depending on the customer’s judgment that a service or product meets and fulfils their needs and expectations. These authors view dissatisfaction as resulting from service provider failure to meet customer expectations and needs. Bruhn and Georgi (2006) consider customer satisfaction as an emotional reaction resulting from their evaluation of services and the service provider. They state that it results from comparing customer perception and their expectation. Each of the previously mentioned researchers agreed that satisfaction is the overall customers’ evaluation of the perceived service compared to their expectation.

In business terms “loyalty” refers to “a customer’s willingness” to continue patronizing a firm over the long term, purchasing and using its goods and services on a repeated and preferably exclusive basis, and recommending the firm’s products to friends and associates’ (Lovelock and Wirtz, 2004). Despite this, brand loyalty involves customer behaviour and preference, taste and future intentions.

According to Brassington (2003), customer switching refers to “consumers who are not loyal to any one brand of a particular product and switch between two or more brands within the category”. Switching behaviour has also been referred to as defection or customer exit (Hirschman, 1970) and refers to a customer’s decision to stop purchasing a particular service or patronizing the service firm completely as argued by Bolton and Bronkhurst (1995).

Bedman (2013) studied the factors that influence retail bank switching in the Ghanaian banking sector. A detailed review of the extant literature and focus group discussions was used to identify 31 variables which were used to survey 419 customers of 18 retail banks in Ghana. Descriptive statistics and factor analysis were used to identify the main retail bank switching factors. The result of the study indicates that service encounter failures, pricing failures, electronic banking failures, service recovery failures and core service failures accounted for retail bank customer's decision to switch banks in Ghana.

III. RESEARCH METHODOLOGY- RESEARCH DESIGN

The researcher has selected the customers of the selected bank branches in different categories of geographical locations such as urban, semi-urban and rural. In addition to this, the study describes the relationship between customer satisfaction, loyalty and switchover intention among the customers. Therefore, the present study has adopted descriptive research design to achieve the objectives of the study.

Research Gap

Few studies were undertaken to examine the relationship between customer satisfaction and customer loyalty; and customer satisfaction and customer switchover intention. Therefore, this study is aimed to describe such research gaps by finding out the expected service quality, perceived service quality of bank customers and the relationship between customer satisfaction, customer loyalty and customer switchover intention.

Objective of the Study

➢ To study relationship between the dimensions of service quality and, customer satisfaction, customer loyalty and customer switchover intention of public sector banks.

Hypotheses of the Study

➢ There is no relationship between the dimensions of service quality and, customer satisfaction, customer loyalty and customer switchover intention of public sector banks.

Instruments Used For Data Collection

A well-designed and pre-tested questionnaire was employed to collect the primary data for this study. The questionnaire includes four sections as presented in table. The section-I was constructed to obtain the demographic Information of the respondents; The section – II scale was used to know the customer’s expected service quality from the banking services; Section – III was used to know the customer actually perceived service quality from the banking services; section-IV was used to analyze customer satisfaction; customer Loyalty and Customer Switchover Intention.
TABLE 1: INSTRUMENT USED FOR THE STUDY

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Item No.</th>
<th>Items</th>
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<tbody>
<tr>
<td>I</td>
<td>Demographic Information</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>II</td>
<td>Customer Expected Service Quality</td>
<td>1 – 34</td>
<td>34</td>
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<tr>
<td>III</td>
<td>Customer Perceived Service Quality</td>
<td>1 – 34</td>
<td>34</td>
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<tr>
<td>IV</td>
<td>Customer Satisfaction</td>
<td>1 - 8</td>
<td>8</td>
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<tr>
<td>V</td>
<td>Customer Loyalty</td>
<td>9 - 17</td>
<td>9</td>
</tr>
<tr>
<td>VI</td>
<td>Customer Switchover Intention</td>
<td>18 – 26</td>
<td>9</td>
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Reliability Analysis

Reliability analysis was also applied to test the reliability of the factors presented in Table 3.3. The reliability analysis shows that the Cronbach’s alpha seven sub-scales of Customer Expected Service Quality, Customer Perceived Service Quality, Customer Satisfaction, Customer Loyalty and Customer Switchover Intention sub-scales range from 0.667 to 0.893, which satisfies the Cronbach’s alpha should be at least 0.70 to be considered as acceptable.

Sample Size

To minimize the level of error that occurred, the following formula is used for the purpose:

\[
 n = \frac{Z^2 \, pq}{(E^2 \, (N - 1) + Z^2 \, pq)}
\]

Hence, the required Sample Size \( n = 598 \)

Sampling Technique

The response rate was 80.00 per cent during the pilot study. In order to obtain the desired sample size 598, the researcher adopted the Multi-stage Sampling Technique as presented hereunder.

IV. ANALYSIS AND INTERPRETATION

<table>
<thead>
<tr>
<th>TABLE 1: RESULTS OF CORRELATION BETWEEN FACTORS OF CUSTOMER SERVICE PERCEPTION, CUSTOMER SATISFACTION, CUSTOMER LOYALTY AND CUSTOMER SWITCHOVER INTENTION</th>
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<tr>
<td>1</td>
</tr>
<tr>
<td>Reliability</td>
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<tr>
<td>Responsiveness</td>
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<td>Competence</td>
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<td>Accessibility</td>
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<td>Courtesy</td>
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<td>Communication</td>
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</table>
To examine the relationship between Service Quality dimensions and Customer Service, Customer Satisfaction, Customer Loyalty, and Customer Switchover Intention, correlation analysis is performed (Table 4.6.1.). Correlation results indicate that Reliability is associated with Customer Service (r = 0.574; p<0.01), Customer Satisfaction (r = 0.463; p <0.01), Customer Loyalty (r = 0.302; p<0.01); and Customer Switchover Intention (r = 0.302; p<0.01). The result shows that Reliability has higher correlation with Customer Service. Responsiveness is associated with Customer Service (r = 0.530; p<0.01), Customer Satisfaction (r = 0.347; p <0.01), Customer Loyalty (r = 0.310; p<0.01); and Customer Switchover Intention (r = 0.264; p<0.01). Competence is associated with Customer Service (r = 0.736; p<0.01), Customer Satisfaction (r = 0.396; p <0.01), Customer Loyalty (r = 0.371; p<0.01); and Customer Switchover Intention (r = 0.306; p<0.01). Accessibility is associated with Customer Service (r = 0.763; p<0.01), Customer Satisfaction (r = 0.497; p <0.01), Customer Loyalty (r = 0.491; p<0.01); and Customer Switchover Intention (r = 0.443; p<0.01). Courtesy is associated with Customer Service (r = 0.567; p<0.01), Customer Satisfaction (r = 0.369; p <0.01), Customer Loyalty (r = 0.225; p<0.01); and Customer Switchover Intention (r = 0.182; p<0.01). Communication is associated with Customer Service (r = 0.766; p<0.01), Customer Satisfaction (r = 0.530; p <0.01), Customer Loyalty (r = 0.398; p<0.01); and Customer Switchover Intention (r = 0.354; p<0.01). Credibility is associated with Customer Service (r = 0.785; p<0.01), Customer Satisfaction (r = 0.595; p <0.01), Customer Loyalty (r = 0.496; p<0.01); and Customer Switchover Intention (r = 0.363; p<0.01). Security is associated with Customer Service (r = 0.641; p<0.01), Customer Satisfaction (r = 0.391; p <0.01), Customer Loyalty (r = 0.355; p<0.01); and Customer Switchover Intention (r = 0.211; p<0.01). Understanding/ Knowing is associated with Customer Service (r = 0.646; p<0.01), Customer Satisfaction (r = 0.339; p <0.01), Customer Loyalty (r = 0.313; p<0.01); and Customer Switchover Intention (r = 0.189; p<0.01). Tangibility is associated with Customer Service (r = 0.744; p<0.01), Customer Satisfaction (r = 0.617; p <0.01), Customer Loyalty (r = 0.570; p<0.01); and Customer Switchover Intention (r = 0.373; p<0.01).

The result shows that Service Quality dimensions have higher correlation with Customer Service and lower correlation with Customer Switchover Intention.

Findings

- This study has analysed the relationship between the variables Service Quality, Customer Satisfaction, Customer Loyalty

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and Customer Switchover Intention by using Pearson’s Correlation Co-efficient test.

- Service Quality has significant correlation at the 0.01 level with the other factors variables namely, Customer Satisfaction ($r = 0.673$), Customer Loyalty ($r = 0.565$), Customer Switchover Intention ($r = 0.441$). From this result it is very clear that Service Quality has higher and significant correlation with Customer Satisfaction and Customer Loyalty than Customer Switchover Intention.
- It is also found that Customers have more satisfaction with the present banking service quality.

**Recommendation**

Customer Switchover Intention has significant lower correlation with banking service quality, customer satisfaction and loyalty. Retaining of existing customers and capturing the new customers is a challenging task for the bank managers. Therefore, bank managers should regularly monitor employees’ skills, efficiency and dealing with customers and should confirm whether all business transactions are made with ethical procedures.

**V. CONCLUSION**

The article tries to find out the “relationship between the dimensions of service quality and, customer satisfaction, customer loyalty and customer switchover intention of public sector banks” is undertaken among the customers who maintain relationship with the public sector banks in the Salem district at different geographic locations namely, rural, semi-urban, and urban where different customers are studied. Service Quality has significant correlation at the 0.01 level with the other factors variables namely, Customer Satisfaction ($r = 0.673$), Customer Loyalty ($r = 0.565$), Customer Switchover Intention ($r = 0.441$). From this result it is very clear that Service Quality has higher and significant correlation with Customer Satisfaction and Customer Loyalty than Customer Switchover Intention. It is also found that Customers have more satisfaction with the present banking service quality. Hence, it is concluded that Customer Switchover Intention has significant lower correlation with banking service quality, customer satisfaction and loyalty. Retaining of existing customers and capturing the new customers is a challenging task for the bank managers. Therefore, bank managers should regularly monitor employees’ skills, efficiency and dealing with customers and should confirm whether all business transactions are made with ethical procedures.

**REFERENCE**


