

Customer Perceptions and Expectations Regarding Service Qualities in Govt. Owned Commercial Banks of Chittagong City- A Study on Janata Bank Limited, Bangladesh.

Mohammad Toufiqur Rahman

*Lecturer, Department of Business Administration
International Islamic University Chittagong
Chittagong-4203, Bangladesh*

toufiq_robin@yahoo.com

Mohammad Shyfur Rahman Chowdhury

*Lecturer, Department of Business Administration
International Islamic University Chittagong
Chittagong-4203, Bangladesh*

shohel_math22774@yahoo.com

Mohammad Rokibul Kabir

*Assistant Professor, Department of Business Administration
International Islamic University Chittagong
Chittagong-4203, Bangladesh*

rakibais@yahoo.com

Abstract

The purpose of this article is to find out the customer perceptions and expectations regarding service qualities in the Govt. owned commercial banks of Bangladesh. The average experience with the bank of customer is between 5 to 9 years that indicate their capability to understand and evaluate the services of the bank. From the descriptive analysis we found that almost all the customers are dissatisfied with the perception level in all dimensions of service quality. But from the mentioned service dimensions resulting in expectations are Assurance (mean score 3.56) and Responsiveness (mean score 3.68), that the customers expect more service standards from the bank which indicate more courtesy, ability of employees inspire trust & confidence of the customer and their willingness to help & provide prompt services. Customers want little bit moderation in Empathy (mean score 3.44), that they need few more in caring and individualized attention from the bank. On the basis of age group, almost all the age group is dissatisfied with the services that are currently served by the bank. In Expectation level, the young age group of 20-29 years and 30-39 years expect more service standards than from other age group. Paired sample test shows a significant difference between customer perceptions and the customer expectations regarding Assurance, Empathy, Tangibility and Responsiveness but no significant difference in Reliability.

Keywords: Customer Perception, Customer Expectation, Service Quality, Customer Satisfaction, Banking Service.

1. INTRODUCTION

Service quality is determined by the differences between customer's expectations regarding service they want from the service provider and the services they received from the respective provider. The association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern (e.g. Bolton and Drew, 1991; Cronin and Taylor, 1992). In general, research in this area suggests that service quality is an important indicator of customer satisfaction. Service quality is also attractive to retail banks as a competitive differentiator (Newman, 2001).

The economic share of services currently accounts for more than half the sum of all GNPs worldwide (Akan, 2005). In today's market place, many service companies need to mobilize their internal energies in order to meet the challenges of a changing environment. One of these challenges includes customer's demands as the quality of service improves (Wong and Sohal, 2002).

Service quality is increasingly becoming a major strategic variable (Robledo, 2001; Terziovski and Dean, 1998). And this construct has received increased scrutiny during the last few decades (Svensson, 2004).

In the 1980, large organizations became more interested in the development of service quality measures (Dedeke, 2003). Much of the research has focused on measuring service quality using the SERVQUAL instrument (Kang, 2006; Ladhair, 2008).

While, the SERVQUAL technique has attracted a lot of attention for its conceptualization of quality measurement issues, it has also attracted criticism (O'Neill et al., 1998). One criticism of SERVQUAL has been the point that the instrument mainly focuses on the service delivery process.

This article aims to identify various service quality dimensions proposed and practiced by various researchers and professionals to identify the customers perception and expectation regarding services quality in the banking sectors.

2. LITERATURE REVIEW

At the heart of customer relationship marketing is the quality of customer service, where quality is no longer considered as a separate discipline but as the central part of service and relationship marketing. According to Berry, Parasuraman and Zeithaml (1988) service quality has become a significant differentiator and is the most powerful competitive weapon which a service organization could and should possess. Today the use of loyalty programs as a technique for firms to enhance customer loyalty is extremely popular and has grown exponentially across the world, especially in the United States of America and the United Kingdom (Bellizi & Bristol, 2004), as it is believed that both consumers and firms can gain benefits from it. Moreover, customers' perceptions of employees, particularly perceptions of how the banking staff engage in the program or enhances the operation of the program would seem likely to affect the motivation to participate.

Researchers have tried to develop conceptual models to explain the service quality and to measure consumers perceived service quality in different industries (Seth et al., 2005).

A good operational example of a standardized framework for understanding service quality is the SERVQUAL instrument developed by Parasuraman. The researchers discovered five general dimensions with focus group interviews which they labeled: reliability, responsiveness, tangibles, assurance and empathy (Wong and Sohal, 2002).

Service quality is an important factor for success in the banking sector. Thus, some bank managers emphasize the various dimensions of service quality (Glaveli et al., 2006).

Bahia and Nantel consequently developed a specific new scale for perceived service quality in retail banking. This Bank Service Quality (BSQ) model is an extension of the original 10 dimensions of the model of Parasuraman. In addition, Bahia and Nantel incorporated additional items such as courtesy and access, as proposed by Carman and items representing the marketing mix of the 7Ps (product/service, place, process, participants, physical surroundings, price and promotion) from the Boom and Bitner framework (Petridou et al., 2007).

Aldlaigan and Buttle have developed and validated a new 21 item scale that describes customer's service quality perceptions comprising four dimensions: service system quality, behavioral service quality, service transactional accuracy and machine service quality (Petridou et al., 2007).

In response to this, as well as the importance of service quality in a banking industry, this article aims to fill the gap by examining the possible dimensions of service quality that are vital to customers. This article highlights several dimensions of service quality that assesses the customer satisfaction regarding their perception and expectation.

3. OBJECTIVES

The main objective of this study is to analyze the customer perceptions and expectations regarding service qualities in Govt. owned commercial banks of Bangladesh. Specifically the objectives can be recognized as:

- ✓ To find out the customers' satisfaction regarding service qualities offered by the bank.
- ✓ To find out service perceptions and expectations on the basis of age group.
- ✓ To find out the gap between customer perceptions and customer expectations regarding services delivered by the bank.

4. METHODOLOGY

The research is mainly based on the survey through questionnaire. We have taken Janata Bank Limited as a sample bank and the survey was conducted over 75 customers from the different branches in Chittagong city, Bangladesh through cluster sampling to analyze their perception and expectation regarding service quality they are facing. Data were collected by the post-graduate marketing students in the month of October and November, 2012 by visiting the branches personally and contacting the customers.

Parasuraman et al. (1985) has built up service quality scale comprising 10 dimensions (reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer and tangibles). Subsequent work by Parasuraman et al. (1988) resulted in the service quality measurement scale with 5 dimensions. The dimensions reliability, responsiveness and tangibles were retained as identified in 1985 whereas communication, competence, credibility, courtesy and security merged as a new dimension "assurance". Access and understanding / knowing the customer merged to form the dimension "empathy".

Thus the five dimensions of service process qualities were used in this study to determine customer perceptions and expectations and the dimensions are Assurance (Competence, Courtesy, Credibility, and Security), Empathy (Access, Communication, Knowing the customer), Tangibility, Reliability and Responsiveness.

The questionnaire consisted of 30 constructs to know the customer perceptions where three questions are for each of the determinants (Competence, Courtesy, Credibility, Security, Access, Communication, Knowing the customer, Tangibles, Reliability and Responsiveness) and 5 questions are set to determine customer expectation where single question is for each of the five determinants (Assurance, Empathy, Tangibles, Reliability and Responsiveness).

The study has launched with the following hypothesis.

Hypothesis 1: There is no significant difference between the customer perceptions and the customer expectations regarding Assurance.

Hypothesis 2: There is no significant difference between the customer perceptions and the customer expectations regarding Empathy.

Hypothesis 3: There is no significant difference between the customer perceptions and the customer expectations regarding Tangibility.

Hypothesis 4: There is no significant difference between the customer perceptions and the customer expectations regarding Reliability.

Hypothesis 5: There is no significant difference between the customer perceptions and the customer expectations regarding Responsiveness.

The customers were asked to fill in a structured questionnaire by indicating their degree of agreement on a five-point Likert scale (strongly agree to strongly disagree). Here we assume 1=20 to 29 years, 2=30 to 39 years; 3=40 to 49 years, 4=50 years & more in the respect of respondent age; 1=0 to 4 years, 2=5 to 9 years, 3=10 to 14 years, 4=15 to 19 years, 5=20 years & more in the respect of respondent experiences with the bank; and 1=strongly disagree, 2=disagree, 3=no comment/neutral, 4=agree, 5=strongly agree in the respect of perceptions and in expectations 1=customer have very low expectation to 5 = customer have very high expectation in all service quality dimension. Here we summarize the value of Competence, Courtesy, Credibility & Security as Assurance; and Access, Communication, Knowing the customer as Empathy in all the analysis.

The selected determinants of service quality by Parasuraman et al., 1988 which has been formulated to survey the customers were defined as: -

Assurance - Knowledge and courtesy of employees and their ability to inspire trust and confidence.

- i. Competence – means possession of the required skills and knowledge to perform the service.
- ii. Courtesy- involves politeness, respect, consideration, and friendliness of contact personnel (including receptionists, telephone operators, etc.).
- iii. Credibility- involves trustworthiness, believability, honesty. It involves having the customer's best interests at heart.
- iv. Security- the freedom from danger, risk, or doubt.

Empathy - Caring, individualized attention the firm provides its customers.

- i. Access – involves approachability and ease of contact.
- ii. Communication - means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different customers—increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice.
- iii. Knowing the customer- involves making the effort to understand the customer's needs.

Tangibles - Appearance of physical facilities, equipment, personnel, and communication materials.

Reliability - Ability to perform the promised service dependably and accurately.

Responsiveness - Willingness to help customers and provide prompt service.

5. FINDINGS AND ANALYSIS

5.1 Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Age of the Respondents	75	1.00	4.00	2.3600	1.03602
Experience with the Bank	75	1.00	5.00	2.4800	1.50333
Perception on Assurance	75	1.00	4.00	2.5600	.65064
Perception on Empathy	75	1.00	4.00	2.6000	.70711
Perception on Tangibility	75	2.00	4.00	2.7200	.61373
Perception on Reliability	75	2.00	5.00	2.8000	.64550
Perception on Responsiveness	75	1.00	3.00	2.4400	.58310
Expectation in Assurance	75	3.00	5.00	3.5600	.58310
Expectation in Empathy	75	3.00	4.00	3.4400	.50662
Expectation in Tangibility	75	1.00	4.00	3.1600	.80000
Expectation in Reliability	75	2.00	4.00	3.1200	.78102
Expectation in Responsiveness	75	3.00	4.00	3.6800	.47610
Valid N (list wise)	75				

TABLE 1: Descriptive Statistics.

From the above table we see the average experience with the bank of customer is between 5 to 9 years that means they are capable enough to understand and evaluate the services that the bank is currently serving. From the descriptive analysis of customer perceptions, we see that customers has no satisfaction or dissatisfaction regarding their perceptions towards the Assurance (mean=2.56), Empathy (mean=2.60), Tangibility (mean= 2.72), and Reliability (mean= 2.80) of the bank. But the customers are dissatisfied with the perception level in Responsiveness (mean=2.44) of the bank.

From the descriptive analysis of customer Expectations, we see that customers want more service standard in the sector of Assurance (mean=3.56) and Responsiveness (mean=3.68) of the bank which indicate more courtesy, ability of employees inspire trust & confidence of the customer and their willingness to help customers & to provide prompt services. Customers want little bit moderation in Empathy (mean=3.44) that means the bank need few more in caring and give individualized attention of its customers. Customers shows no satisfaction or dissatisfaction in the expectation level of Tangibility (mean=3.16) that indicate the appearances of physical facilities, equipment, personnel, communication materials and Reliability (mean=3.12) that the ability to perform the promised service dependably & accurately.

5.2 Service perceptions and expectations on the basis of age group

Age Group	20-29 years			30-39 years			40-49 years			50 years & more		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation	N	Mean	Std. Deviation
Perception on Assurance	21	2.28	.487	15	2.40	.547	30	3.00	.471	09	2.00	1.00
Perception on Empathy	21	2.42	.534	15	3.00	.000	30	2.80	.788	09	1.67	.577
Perception on Tangibility	21	2.57	.534	15	3.20	.447	30	2.70	.674	09	2.33	.577
Perception on Reliability	21	2.71	.487	15	3.40	.894	30	2.70	.483	09	2.33	.577
Perception on Responsiveness	21	2.57	.534	15	2.20	.836	30	2.60	.516	09	2.00	.000
Expectation in Assurance	21	3.86	.690	15	3.60	.547	30	3.30	.483	09	3.66	.577
Expectation in Empathy	21	3.71	.487	15	3.60	.547	30	3.20	.421	09	3.33	.577
Expectation in Tangibility	21	3.14	.899	15	3.40	.547	30	3.00	.942	09	3.33	.577
Expectation in Reliability	21	3.28	.951	15	3.40	.547	30	2.90	.737	09	3.00	1.00
Expectation in Responsiveness	21	3.86	.377	15	3.60	.547	30	3.60	.516	09	3.66	.577

TABLE 2: Service Perceptions and Expectations on the Basis of Age Group.

From the analysis we find that, almost all the age group is dissatisfied with the services that are currently served by the bank. In Expectation level, the young age group of 20-29 years and 30-39 years expect more service standards from the bank than from other age group.

5.3 Paired Samples Test

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Perception on Assurance - Expectation in Assurance	1.00000	.86603	.17321	.64252	1.35748	5.774	74	.000
Pair 2	Perception on Empathy - Expectation in Empathy	.84000	.89815	.17963	.46926	1.21074	4.676	74	.000
Pair 3	Perception on Tangibility - Expectation in Tangibility	.44000	.86987	.17397	.08094	.79906	2.529	74	.018
Pair 4	Perception on Reliability - Expectation in Reliability	.32000	.90000	.18000	- .05150	.69150	1.778	74	.088
Pair 5	Perception on Responsiveness - Expectation in Responsiveness	1.24000	.83066	.16613	.89712	1.58288	7.464	74	.000

TABLE 3: Paired Samples Test.

From the above table we see that, there is a significant difference between customer perceptions and the customer expectations regarding Assurance, Empathy, Tangibility and Responsiveness; thus **Hypothesis 1, Hypothesis 2, Hypothesis 3** and **Hypothesis 5** get rejected. But there is no significant difference between the customer perceptions and the customer expectations regarding Reliability and the **Hypothesis 4** get accepted.

6. CONCLUSION

The study analyzes the customer perceptions and expectations regarding service qualities in Govt. owned commercial banks of Bangladesh. From the descriptive analysis we see that maximum customer is dissatisfied with the perception level in all dimensions of service quality. On the other hand, in expectation level, customers expect more in Assurance, Responsiveness and Empathy. On the basis of age group, almost all the age group is dissatisfied with the services that are currently served by the bank but in the expectation level, the young age group of 20-29 years and 30-39 years expect more service standards than from other age groups.

Paired sample test shows a gap between customer perceptions and the customer expectations regarding Assurance, Empathy, Tangibility and Responsiveness but no gap in Reliability. So the bank should concentrate more on to improve service standards in courtesy, ability of employees inspire trust & confidence of the customer, their willingness to help & provide prompt services, need few more in caring and individualized attention to retain and close the gap with the customers. It is, therefore very important to know how customers evaluate service quality and what can be done to measure and improve it.

This study use relatively small sample and being restricted within the Chittagong City of Bangladesh. Further research in the area of service quality under such circumstances would soon

be in great demand and would be contributing to the Govt. owned commercial banking sectors in Bangladesh.

7. REFERENCES

1. P. Akan. (2005). Dimensions of service quality: A study in Istanbul. *Managing Service Quality*, Vol. 5, pp.39-43.
2. M. Alamgir and M. Shamsuddoha. Service. (2003, June 1). Quality Dimensions: A Conceptual Analysis. *The Chittagong University Journal of Business Administration*, Vol. 19.
3. JA. Bellizi and T. Bristol. (2004, November 2). An assessment of supermarket loyalty cards in one major US market. *Journal of Consumer Marketing*, Vol. 21(2), pp.144-154.
4. L. Berry, A. Parasuraman and V. Zeithaml. (1988, September-October). The service-quality puzzle. *Business Horizons*, Vol.31(5), pp. 35.
5. R.N. Bolton and J.H. Drew. (1991, January), "A longitudinal analysis of the impact of service changes on customer attitudes", *Journal of Marketing*, Vol. 55, pp. 1-9.
6. J.J. Cronin and S.A. Taylor. (1992, July), "Measuring service quality: a re-examination and extension", *Journal of Marketing*, Vol.56, pp.55-68.
7. A. Dedek. (2003). Service quality: A fulfillment-oriented and interactions-centered approach. *Managing Service Quality*, Vol.13, pp.276-289.
8. N. Glaveli, E. Petridou, C. Liassides and C. Spathis, (2006). Bank service quality: Evidence from five balkan countries. *Managing Service Quality*, Vol.16. pp.380-394
9. H. Emari, S. Iranzadeh and S. Bakhshayesh. (2011). Determining the Dimensions of Service Quality in Banking Industry: Examining the Gronroos's Model in Iran. *Trends in Applied Sciences Research*, Vol.6: pp.57-64.
10. G.D. Kang. (2006). The hierarchical structure service quality: Integration of technical and functional quality. *Managing Service Quality*, Vol. 16: pp.37-56.
11. R. Ladhair. (2008). Alternative measures of service quality: A review. *Managing Service Quality*, Vol. 18:pp. 65-86.
12. K. Newman. (2001), "Interrogating SERVQUAL: a critical assessment of service quality measurement in a high street retail bank", *The International Journal of Bank Marketing*, Vol. 19 (3), 126-139
13. N.A Omar, M. Azrin and H. Sarah. (2009, January) "What customers really want: Exploring service quality dimensions in a retail loyalty", *UNITAR E-JOURNAL*, Vol. 5, No. 1.
14. M.A. O'Neill, A.J. Palmer and R. Beggs, (1998). The effects of survey timing on perceptions of service quality. *Managing Service Quality*, Vol. 8: pp.126-132.
15. E. Petridou, C. Spathis, N. Glaveli and C. Liassides, (2007). Bank service quality: Empirical evidence from Greek and Bulgarian retail customers. *Int. J. Quality Reliability Manage.* Vol. 36: pp.907-918.
16. M.A. Robledo. (2001). Measuring and managing service quality: Integrating customer expectations. *Managing Service Quality*, Vol.11: pp.22-31.

17. N. Seth, S.G. Deshmukh and P. Vrat, (2005). Service quality models: A review. *Int. J. Quality Reliability Manage.* Vol. 22: pp.913-949.
18. G. Svensson.(2004). Interactive service quality in service encounters: Empirical illustration and models. *Managing Service Quality*, Vol. 14: pp.278-287.
19. M. Terziovski and A. Dean. (1998). Best predictors of quality performance in Australian service organization. *Managing Service Quality*, Vol. 8: pp.359-366.
20. A. Wong and A. Sohal, (2002). Customers perspectives on service quality and relationship quality in retail encounters. *Managing Service Quality*, Vol.12: pp.424-433.