LINKING DIMENSIONS OF PERCEIVED BANK SERVICE QUALITY TO CUSTOMER LOYALTY

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ABSTRACT

The purpose of the study is to identify the dimensions recognized by bank customers when assessing quality in banking sector. This study has been conducted in Dindigul district Tamil Nadu. This study identified five dimensions of Service quality. These are: Tangibility, Responsiveness, reliability Empathy and   quality of service. Out of the Identified dimensions except tangibility all the dimensions were influencing Customer loyalty. Measuring customers' perceptions in terms of the Five service quality dimensions that emerged can support decision making regarding initiatives to be taken by the Banks .This study provides useful information that are needed for banking services quality improvement.

Key words: Tangibility, Responsiveness, reliability Empathy and quality of service

INTRODUCTION

Service quality and its consequences is one of the few topics in services marketing literature that have received extensive academic research for over three decades. Consequently, several researches have established service quality as an important determinant of customer satisfaction which in turn influences customers' loyalty (Headley and Miller, 1993; Spreng et al., 1996; Hossain and Leo, 2009; Ilias and Panagiotis, 2010; Kuo et al., 2011). As such, when a firm delivers service quality that meets or exceeds customers' expectations, the possible result will be customer satisfaction and loyalty. Schiffman et al. (2012) therefore argue that service quality is a determinant of whether the consumer ultimately remains with the company (loyalty) or defects to a competitor. Thus, a service organization's long-term success is essentially determined by its ability to expand and maintain a large and loyal customer base (Kandampully, 1998) through service quality that meets or exceeds customer expectations. Whilst service quality is a concept that is relevant in both manufacturing and services sector, the remarkable growth in the later sector makes the study of service quality within the sector more attractive. Service quality is one of topics that is often discussed in the service management literature (Yusoff and Ismail, 2008; Alrubaiee and Alkaa'ida, 2011). The academicians and practitioners agree that focus on service quality is one of the factors for success in the service business (Ladhari, 2009). Furthermore, service quality becomes important because several studies have shown that focus on service quality impact on increasing customer satisfaction,customer loyalty, positive word of mouth, repurchase intention, new customer attraction, company image, cost efficiency, and profits (Reichheld and Sasser, 1990; Rust and Zahorik, 1993; Cronin et al., 2000; Kang and James, 2004).Service quality researchers agreed that the quality of service should be evaluated using customer perspective (e.g. LeBlanc and Nguyen, 1997; Nagata et al., 2004; Clemes et al., 2008; Gagliano and Hathcote, 1994; Hu and Jen, 2006).

RESEARCH METHODOLOGY

The scope of the study is confined only to the Banks situated Tamil Nadu. The researcher employed purposive sampling method to select guest. The total number of 250 customers where conveniently selected by the researcher for collecting data from the respondent. Before collecting data from the respondent, the purpose of the study was clearly explained to the customer. The researcher administered questionnaire method for collecting data. This questionnaire consists of two important components. The first part of the questionnaire deals about the demographic profile of the bank customer, second part of the questionnaire contains variables

relating to Service quality. This study has been conducted from the period of December 2017 to February 2018. The researcher distributed 250 questionnaires to the customer who have account in their bank. Even though researcher takes several efforts to collect questionnaire from the customer. The researcher can able to obtain only 140 questionnaires. Therefore the response rate of this study is 350.

OBJECTIVES

- To identify the   Service quality dimensions in Banking industry
- To what extend service quality dimensions influence the different perspective of Customer loyalty

DEMOGRAPHIC PROFILE

Antecedents   of   Bank **Service Quality**

		Percentage
Gender	Male	58.6
	Female	41.4
Age	18yrs and above	20.0
	26-35	36.4
	36-45	21.4
	46-55	13.6
	56 and above	8.6
Education	High school	27.1
	Graduate	40.0
	Master degree	26.4
	Others	6.4
Employment	Public sector	20.7
	Private sector	37.1
	Self-employed	42.1
Monthly income	Below Rs. 25000	27.1
	Rs.25000-50000	40.0
	Rs. Above 50000	32.9

The sample of customer contained more male 62 per cent than female (38 per cent). The majority of the customers age group was 26-35 (36 per cent), followed by less than 25 (20 per cent) , 40 per cent of the respondent were under graduate qualification. 43 per cent of the guest occupation is business and 40 per cent of the respondent earned monthly income of Rs. 25000 to 50000.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.768
Bartlett's Test of Sphericity	Approx. Chi-Square	1420.189
	Df	561
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.307						2.067	10.880	10.880
2	1.676	8.822	20.962	1.676	8.822	20.962	1.632	8.589	19.468
3	1.607	8.460	29.423	1.607	8.460	29.423	1.435	7.550	27.019
4	1.362	7.170	36.592	1.362	7.170	36.592	1.352	7.118	34.136
5	1.255	6.606	43.198	1.255	6.606	43.198	1.310	6.893	41.029

Extraction Method: Principal Component Analysis.

The Kaiser-Meyer-Olkin measure (KMO=0.768) and the Bartlett test of sphericity (x^2=1420.189, df=561, $p < 0.00$) indicated sample adequacy and appropriateness of factor analysis for the data. Following this, an exploratory factor analysis (EFA) using varimax rotation was performed on the 38 items. As a preliminary step, item-to-total correlation criterion (>0.4) was employed. Few items did not meet this criterion; however, they were removed for further analysis on the grounds of face validity. In the next step, EFAs were carried out with a factor loading of greater than 0.5 and a cross-loading of less than 0.4 as the minimum cut-off. The results of this iterative process suggested removal of few items. An EFA with the remaining 19 items indicated an nine-factor solution that accounted for 5per 60.442 percentof the total variance.

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.695	5	3.139	12.892	.000[a]
	Residual	35.062	144	.243		
	Total	50.758	149			

a. Predictors: (Constant), Trust, Incentive, Grievance and redressal, Employee suggestion, Communication

b. Dependent Variable: Dependent

Influence of Bank Service Quality on Customer Loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.556[a]	.309	.285	.493

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Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.895	.352		2.541	.012
	Tangibility	.048	.085	.049	.568	.571
	Responsiveness	.216	.064	.288	3.375	.001
	Reliability	.161	.056	.202	2.857	.005
	Empathy	.196	.046	.299	4.303	.000
	Quality of Service	.144	.050	.199	2.864	.005

a. Dependent Variable: Customer Loyalty

Regression analysis among variables

Further investigation using multiple regression analysis was conducted. The results show that respect (with nine factors namely problem Tangibility, Responsiveness, Customer Care, Accessibility, Infrastructure, Responsibility skills of staff, Empathy) and accessibility contribute significantly (F=45.508; p=0.000) predict 48 percent of the variations in customer satisfaction. Therefore, those factors predict a significant change in customer satisfaction.

Conclusion

This study identified five important dimensions of Bank service quality .These are Responsiveness, reliability, empathy and quality of service. Out of the identified dimensions. This study found that there is a significant influence on responsiveness, reliability, empathy and quality of service.

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