

# Using the conceptual model of service quality to map gaps in perceived service quality in a banking sector and hence make recommendations for improvement

Melisha Krishundutt  
*Industrial Psychologist*

Sanjana Brijball Parumasur\*  
*Associate Professor*  
*Discipline of Human Resource Management*  
*School of Management*

*\*To whom correspondence must be addressed*  
*Faculty of Management Studies*  
*University of KwaZulu-Natal (Westville campus)*  
*Private Bag X54001*  
*Durban*  
*4000*  
*brijballs@ukzn.ac.za*

## ABSTRACT

Organisations are now confronted with endless challenges. Likewise, the banking industry faces deregulation, increasing competition and continuously evolving customer demands. In order to succeed, banks have to adopt proactive approaches to maintain standards of service delivery. This study evaluates quality of service at a major banking institution. A sample of 159 customers was drawn using convenience sampling. Data was collected using a questionnaire adapted from Servqual, the psychometric properties of which were statistically tested using factor analysis and Cronbach's Coefficient Alpha. Data was analysed using descriptive and inferential statistics. Based on the results, mapping was used to identify gaps and a framework was generated outlining the critical factors and recommendations for improving service quality.

**Keywords:** Service quality, Servqual, reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, tangibles.

In a dynamic and competitive environment, financial organisations are increasingly using service quality to differentiate their offerings from others in the market. Quality means fulfilling or exceeding customer expectations. Quality of service refers to how well a customer is being served, including the extent to which the service provider assists the customer and the mannerism of the latter. In order to deliver a consistent set of satisfying experiences that ensures high quality, the entire organisation needs to be focused on the task and on quality and the system must be designed to support that mission (Gilbert & Parhizgari 2000). To achieve this and hence, ensure measurable benefits in profit, cost savings and market share, the organisation must be customer-

oriented. Therefore, an understanding of the nature of service quality and how it is achieved in organisations has become a priority for research.

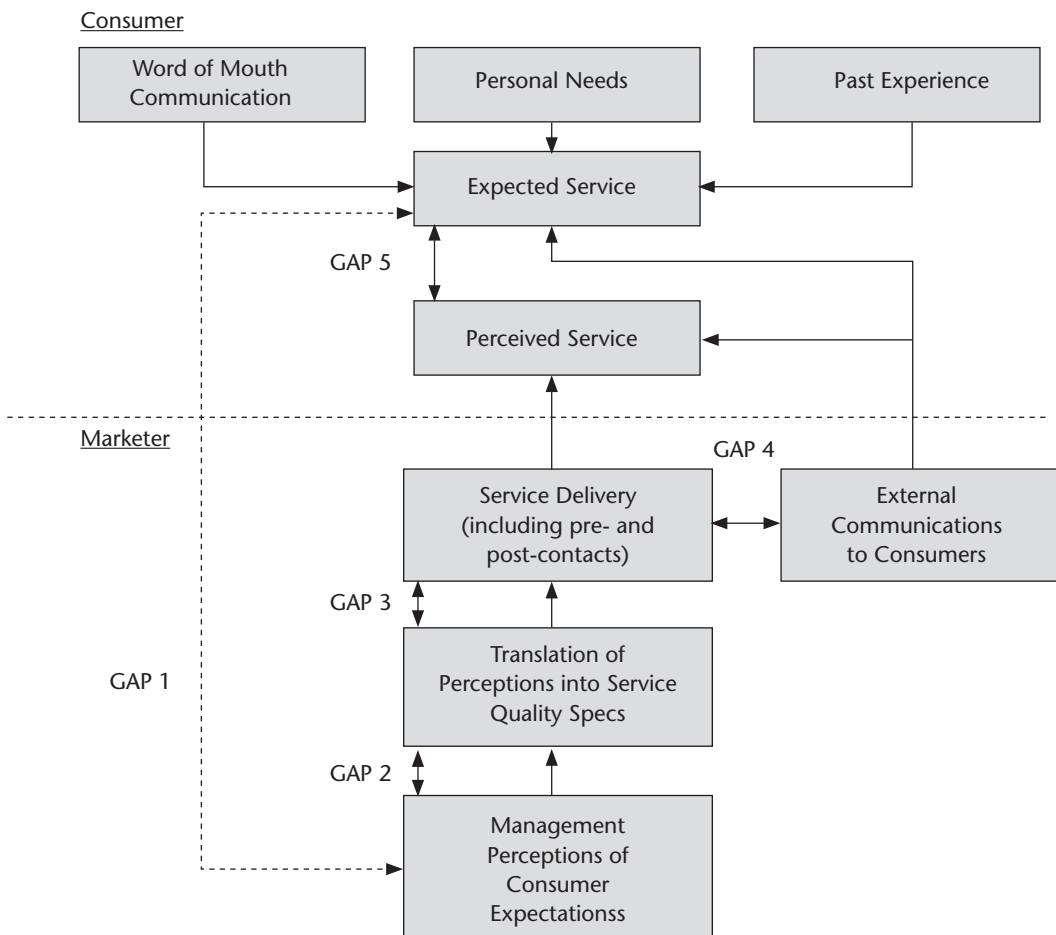
Parasuraman, Zeithaml and Berry (1988) conceptualised perceived service quality as a global judgement or overall evaluation, or attitude, relating to the superiority of the service. Customers are ideal for appraising how well employees have provided quality service because they are in a better position to observe employee performance than employees' supervisors (Bowen & Schneider 1988 cited in Frost & Kuman 2000).

Parasuraman et al. (1988) developed a 22-item instrument named Servqual based on the Gap Model, for measuring service quality. The instrument assesses customers'

perceptions of quality by comparing their perceptions of the services received, across various service quality dimensions (Nel, Boshoff & Mels 1997). The service quality model (Figure 1) views service quality and service quality problems as existing between the customer and marketer. From the customer’s point of view, service quality is the difference between what he/she expects and what he/she perceives to be receiving from the service provider. When the perceptions are greater than expectations, then perceived quality is very good; when they are equal, perceived

quality is good; but if expectations exceed perceptions, the perceived quality will be less than satisfactory. It is thus, clear that judgements of high and low service quality depend on how customers perceive the actual service performance in the context of what they expect. This model also displays that gaps can exist between the service provider and the customer over expectations and perceptions of quality. The message for management is one of managing customer expectations as well as ensuring that what is promised in respect of quality is actually delivered.

**Figure 1:** A Conceptual Model of Service Quality



**Source:** Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985). A conceptual Model of Service Quality and its implications for future research. *Journal of Marketing*, 49, p. 44.

The Servqual model (Figure 1) pinpoints areas of potential shortfalls in service quality – areas where there could be discrepancies, or gaps, between customers' expectations and their perceptions. This model consists of five gaps (Parasuraman, Zeithaml & Berry 1985):

- *Gap 1* is between customer expectations and management's perception of these expectations.
- *Gap 2* is the difference between management's perception of customer expectations and the translation of those perceptions into service quality specifications.
- *Gap 3* is the difference between the service quality specifications and the delivery of those specifications to the customer.
- *Gap 4* is the difference between the service delivered to customers and the external communications about the service.
- *Gap 5* is the difference between customers' perceptions of an actual service experience and the customers' expectations of an ideal service.

Undoubtedly, perceived service quality and service encounter management tends to play a significant role in high contact industries (that is, high interaction between the customers and the service provider) such as banking institutions (Goldstein 2003). The banking sector is now, more than ever before, confronted with fundamental business challenges in a turbulent environment. As they face further deregulation, increasing competition from other financial institutions and continuously evolving customer demands for success and survival, banks have to adopt proactive approaches to maintain their standards of service delivery (Allred 2001). This study therefore, aims to evaluate service quality in the banking industry especially because the banks have traditionally long-term relationships with customers.

Parasuraman et al. (1985) proposed that ten dimensions assess customer perceptions of service quality, namely:

- **Access:** Samuels (2002) researched the cost of a loyal customer and observed that access is a fairly significant dimension. In a study on quality hospital care, the attribute of accessibility was considered to be a highly subjective attribute (Rhode Island Series on Health Care Quality 2002). He states that accessibility of care, the doctor patient relationship and the 'amenities of care' will greatly influence acceptability, legitimacy and equity.
- **Reliability:** When measuring the quality of an academic library, Nitecki (1996) found that reliability is the most important contributor to service quality and this result supported the findings of Zeithaml et al. (1990).
- **Credibility:** With respect to the study conducted by Gronlund et al. (2001) on the customers of Finnish Printing Companies, a very interesting finding of the relationship between price level and credibility as a selection criteria was revealed. If the customers of a company think that price is a very important selection criteria, they do not see the company's credibility as important. So in order to get a lower price, they are willing to compromise their credibility expectations.
- **Security:** Research conducted by Siu and Mou (1999) on the customers' service quality perceptions in internet banking as well as the impact of these perceptions on customer satisfaction and future consumption intentions, found that security had the strongest association with future consumption behaviour.
- **Understanding/knowing the customer:** A study on the Vehicle Certification Agency (VCA) which is an internationally recognised vehicle type approval authority and management system certification body in the UK, revealed that the dimension understanding the customers' needs at VCA scored the highest in terms of their study.

- **Responsiveness:** In a study undertaken by Zeithaml et al. (1990) a shared importance was noted between reliability and responsiveness.
- **Courtesy:** The study undertaken by Curry and Sinclair (2002) on assessing the quality of three different types of service (community rehabilitation team, the outpatient clinic and general practitioner service) of physiotherapy services revealed that the highest mean perception scores related to the staff being constantly courteous with patients and behaving in such a way so as to instill confidence in patients.
- **Competence:** Competence is a critical success factor, especially in the banking industry where people's hard earned savings reside.
- **Communication:** According to research conducted by Zeithaml et al. (1990), there are ten criteria which individuals use to rate the quality of the service which they received from professionals, including physicians. The investigation by Zeithaml et al. (1990) produced results that are surprising and have important implications for the health care industry. The results showed that patients liked and ranked the physicians the highest as they possess strong interpersonal skills. In terms of communication, it entailed the physicians actively listening to the patient, allowing the patient to respond to a question without interruption and adopting body language which demonstrates interest and attention.
- **Tangibles:** Nitecki (1996) and Zeithaml et al. (1990) found tangibles to be the least important dimension in determining service quality.

Parasuraman et al. (1988) later revised the Servqual instrument to include only five elements of service quality, namely, tangibles, reliability, responsiveness, assurance and empathy. From the ten criteria of the initial Servqual instrument, the first five criteria impact on "the quality

of the outcome of the service experience" whilst the next five impact on "the quality of the inputs to the process to provide a solid foundation for the outputs" (Brassington & Pettitt 1997: 933). Hence in this study, all ten dimensions were evaluated because compositely they enable the customer to provide feedback on the entire service experience. This will enable the researcher to assess customer perceptions of service quality at a major banking institution, engage in mapping to identify gaps in service delivery and ultimately, make recommendations for improvements.

### OBJECTIVES OF THE STUDY

The study aims to:

- Assess the perceptions of the clients towards the quality of service/product received at a major banking institution by evaluating the extent to which the critical components of quality service (reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/ knowing the customer and tangibles) are fulfilled.
- Evaluate whether gender and patronage (frequency of visit to the banking institution) are related to perceptions of the quality of service received at the major banking institution.
- Assess the perceived impact of the dimensions in determining service quality in the banking institution being studied.
- Identify gaps in service quality at the major banking institution using the conceptual model of service quality developed by Parasuraman et al. (1985).
- Generate a model/framework, based on the findings of the study, outlining the critical dimensions and recommendations for enhancing service quality.

The study therefore, hypothesizes that:

- The dimensions reflecting service quality (tangibles, reliability, responsiveness, competence, courtesy, credibility,

security, access, communication and understanding/ knowing the customer) significantly relate to each other in determining service delivery.

- Clients varying in biographical or classification data (gender, frequency of visit to the bank) differ significantly in their perceptions of the dimensions determining service quality (tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer) respectively.
- The dimensions determining service quality in the banking institution (tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer) have varying levels of impact on service quality.

## RESEARCH DESIGN

### *Participants/respondents*

The population for the study consisted of customers from a branch of a major retail banking institution in KwaZulu-Natal. The latter was selected so as to capture and represent all the critical features of service quality that the customers might use as an indication in evaluating the quality of service delivered. The study was undertaken on a sample of 159 customers, drawn using convenience sampling (those who patronized the bank during the one month data collection period, were current customers and were willing to participate). The sample size was considered to be appropriate in order to get a sense of the perceived degree of service quality attained in the branch of the major banking institution and to highlight factors that customers perceive to be critical in determining service quality.

### *Measuring instrument*

Data was collected through the use of personally administered questionnaires.

The purpose of using this method was to give the customers sufficient time to think before responding to statements regarding the quality of service delivered at the branch of the major banking institution and to identify the factors that customers consider to be critical in the banking sector. The Servqual questionnaire developed by Zeithaml, Parasuraman and Berry (1990) was adapted for use in a financial institution setting, as defined in the descriptions of the dimensions below. It comprised of a series of closed-ended questions measured on a 1 to 5 point Likert Scale ranging from strongly disagree (1), disagree (2), neither agree/nor disagree (3), agree (4) to strongly agree (5), based on the ten service quality dimensions. The questionnaire comprised of two sections. The first section related to demographic information or classification data which incorporated gender and patronage (frequency of visit to the banking institution). Gender was assessed in order to assess whether male and female banking clients view the dimensions of service quality differently so that appropriate strategies may be adopted to fill the gaps that may be identified and to address such differences, if any, using suitable, gender focussed marketing approaches. The second section related to the service quality dimensions which were defined, for the purpose of this study, as:-

- **Tangibles** include the physical evidence of the service, that is, physical facilities, appearance of personnel, tools or equipment used to provide the service, physical representations of the service (a plastic credit card or a bank statement) and other customers in the service facility.
- **Reliability** involves consistency of performance and dependability. It means that the institution performs the service right the first time. It also means that the organisation honours its promises. Specifically, it involves accuracy in billing, keeping records correctly and performing the service at the designated time.

- **Responsiveness** concerns the willingness or readiness of employees of the institution to provide the service. It involves timeliness of service relating to mailing a transaction slip immediately, returning the customer's call quickly, giving prompt service (for example, setting up appointments quickly).
- **Competence** means possession of the required skills and knowledge to perform the service. It involves knowledge and skill of the contact personnel and the operational support personnel and research capability of the organisation.
- **Courtesy** involves politeness, respect, consideration, and friendliness of contact personnel (including receptionists, telephone operators). It includes the clean and neat appearance of public contact personnel.
- **Credibility** involves trustworthiness, believability and honesty. It involves having the customers' best interests at heart. Contributing to credibility are company name, company reputation and personal characteristics of the contact personnel.
- **Security** is the freedom from danger, risk or doubt. It involves physical safety (Will I get mugged at the automatic teller machine?), financial security (Does the company know where my stock certificate is?) and confidentiality (Are my dealings with the bank private?).
- **Access** involves approachability and ease of contact. It means that the service is easily accessible by telephone (lines are not busy and staff do not put you on hold for long periods of time), waiting time to receive service (for example, at the bank) is not extensive, convenient hours of operation and convenient location of service facility.
- **Communication** means keeping customers informed in a language that they can understand as well as 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 to a novice. It involves explaining the service itself, how much the service will cost, the trade-offs between service and cost and assuring the client that the problem will be handled.

- **Understanding/knowing the customer** involves making the effort to understand each customer's needs. It involves learning the customer's specific requirements, providing individualised attention and recognising the regular customer.

### **Procedure**

Initially, a pilot test of the questionnaire, using the same protocols and procedures as that designated for the actual data collection process, was conducted on 15 customers as a trial run to detect if any weaknesses in the design and instrumentation existed. The questionnaire was easily understood and no changes were required, possibly because the instrument was adapted from an established questionnaire. The questionnaire, which consisted of 40 statements (see sample of questions in Table 1), was personally administered to each respondent and a detailed explanation of the instructions was given. A total of 170 clients were approached from whom 159 correctly completed questionnaires were received. The response rate was enhanced by means of the personal-contact approach used, followed by periodic telephone follow-ups and personal visits.

### **Statistical analysis**

The validity of the questionnaire was assessed using Factor Analysis. A principal component analysis was used to extract initial factors and an iterated principal factor analysis was performed using SPSS with an Orthogonal Varimax Rotation. Ten factors with latent roots greater than unity were extracted from the factor loading matrix and only items with loadings >0.5 were considered to be significant. Furthermore, when items loaded significantly on

**Table 1:** Sample of items from questionnaire measuring service quality in the banking institution

DIMENSION	ITEM	1	2	3	4	5
Tangibles	In this institution, facilities are attractive.					
	In this institution, technology looks modern.					
Reliability	The exact specifications of the client are followed.					
	At this institution, statements or reports are free of error.					
Responsiveness	When there is a problem, the organisation responds to it quickly.					
	Specific times for service accomplishments are given to the client.					
Competence	Materials are provided appropriately and are up-to-date.					
	Staff can use the technology quickly and skillfully.					
Courtesy	The staff members have a pleasant demeanour.					
	Staff members who answer the telephone are considerate and polite.					
Credibility	This service organisation has a good reputation.					
	This organisation guarantees its service.					
Security	At this institution, it is safe to enter the premises and use the equipment.					
	Used records are safe from unauthorized used.					
Access	It is easy to talk to a knowledgeable staff member when the client has a problem.					
	Service access points are conveniently located at this institution.					
Communication	The staff members can clearly explain the various options available to a particular query.					
	At this institution, the staff avoids using technical jargon when speaking to clients.					
Understanding the consumer	The staff tries to determine what the client's specific objectives are.					
	The service providers at this institution are flexible enough to accommodate the client's schedule.					

more than one factor, only that with the highest value was selected. The ten factors identified confirm the ten dimensions used in this study to determine service quality. The reliability of the questionnaire was determined using Cronbach's Coefficient Alpha and the alpha coefficient of 0.9404 reflected a very high level of internal consistency of the items and hence, a very high degree of reliability. It also reflects that the dimensions reliably determine service quality.

Descriptive statistics, using frequency analyses, percentages, mean analyses and standard deviations were utilised to assess

perceptions of the ten service quality dimensions. Inferential statistics used to test the hypotheses included correlation, analysis of variance (ANOVA), t-test and the use of beta loadings. Mean scores and beta loadings were rounded off to three decimal places in order to be able to observe negligible differences.

## RESULTS

The level of satisfaction with the service delivery was evaluated by asking respondents to assess service quality dimensions using a 5 point Likert scale and descriptive statistics were thereby generated (Table 2).

**Table 2:** Descriptive Statistics on the dimensions used to assess service quality

<b>Variable</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Critical Range</b>
Tangibles	4.043	0.54	2.25	5.00	3.958 - 4.127
Reliability	3.614	0.66	1.40	5.00	3.510- 3.718
Responsiveness	3.637	0.66	1.50	5.00	3.533 - 3.740
Competence	3.830	0.62	1.50	5.00	3.734 - 3.927
Courtesy	3.829	0.64	1.25	5.00	3.729 - 3.929
Credibility	3.973	0.95	2.00	5.00	3.824 - 4.122
Security	3.938	0.59	2.25	5.00	3.845 - 4.031
Access	3.827	0.67	2.00	5.00	3.721 - 3.933
Communication	3.698	0.64	2.00	5.00	3.597 - 3.799
Understanding the cosumer	3.503	0.76	1.75	5.00	3.384 - 3.622

It can be established from Table 2 that the higher the mean, the more positive customers' perceptions are of the dimensions being measured. The favourable perception of most customers in descending level of impact are as follows: tangibles (Mean = 4.043), credibility (Mean = 3.973), security (Mean = 3.938), competence (Mean = 3.830), courtesy (Mean = 3.829), access (Mean = 3.827), communication (Mean = 3.698), responsiveness (Mean = 3.637) and reliability (Mean = 3.614). The frequency analysis indicate that the majority of clients are relatively satisfied with the institution's tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access and communication, hence, justifying higher mean values.

However, it is also evident from Table 2 that the lowest mean indicates that most customers are least satisfied with the staff's behaviour in terms of understanding the customer (Mean = 3.503). It can be established that the customers are not completely satisfied with the way in which the staff responds to them. The frequency analyses reflects that customers feel that staff does not make an effort to know the customers and their needs. In this regard, 61% of the respondents experience a neutral

feeling in terms of the staff recognising each regular client and addressing them by their name. As reflected in the frequency analyses, only 13.8% of the subjects strongly agree that the staff tries to determine what the client's specific objectives are. Furthermore, only 12.6% strongly agree that the level of service and cost of service is consistent with what the customer requires and can afford. In addition, only 13.8% strongly agree that the service providers are flexible enough to accommodate the customer's schedule.

However, it must be noted that all mean score values are relatively high and the maximum of 5 on the 5 point Likert scale for all dimensions indicate that there are clients who are totally satisfied with the respective determinants of service quality. The implication is that there is room for improvement simply to enhance the delivery of service quality and effectiveness. The lower minimum values of 1.25 (courtesy), 1.4 (reliability), 1.5 (responsiveness and competence), and 1.75 (understanding the customer) on the 1–5 point Likert scale clearly indicate areas where improvement can begin, certainly since these dimensions, particularly reliability, are critical to the banking sector.



**Hypothesis 1**

The dimensions reflecting service quality (tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding/knowing the customer) significantly relate to each other in determining service delivery (Table 3).

From Table 3, it is evident that the dimensions reflecting service quality (tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding/knowing the customer) significantly relate to each other at the 1% level of significance. Therefore, hypothesis 1 may be accepted.

**Table 3:** Inter-correlations amongst the dimensions used to assess service quality (N = 159)

<b>Variables</b>	<b>Tangibles</b>	<b>Reliability</b>	<b>Responsiveness</b>	<b>Competence</b>	<b>Courtesy</b>	<b>Credibility</b>	<b>Security</b>	<b>Access</b>	<b>Communication</b>	<b>Understanding the customer</b>
Tangibles <i>r</i> <i>p</i>	1									
Reliability <i>r</i> <i>p</i>	0.499 0.000*	1								
Responsiveness <i>r</i> <i>p</i>	0.425 0.000*	0.742 0.000*	1							
Competence <i>r</i> <i>p</i>	0.423 0.000*	0.644 0.000*	0.695 0.000*	1						
Courtesy <i>r</i> <i>p</i>	0.458 0.000*	0.667 0.000*	0.739 0.000*	0.757 0.000*	1					
Credibility <i>r</i> <i>p</i>	0.271 0.000*	0.455 0.000*	0.472 0.000*	0.471 0.000*	0.487 0.000*	1				
Security <i>r</i> <i>p</i>	0.455 0.000*	0.619 0.000*	0.589 0.000*	0.624 0.000*	0.559 0.000*	0.477 0.000*	1			
Access <i>r</i> <i>p</i>	0.411 0.000*	0.580 0.000*	0.660 0.000*	0.650 0.000*	0.629 0.000*	0.418 0.000*	0.624 0.000*	1		
Communication <i>r</i> <i>p</i>	0.418 0.000*	0.622 0.000*	0.604 0.000*	0.665 0.000*	0.701 0.000*	0.421 0.000*	0.610 0.000*	0.728 0.000*	1	
Understanding the customer <i>r</i> <i>p</i>	0.387 0.000*	0.575 0.000*	0.666 0.000*	0.611 0.000*	0.620 0.000*	0.347 0.000*	0.617 0.000*	0.682 0.000*	0.671 0.000*	1

\*  $p < 0.01$

The implication is that since these dimensions are interconnected, high levels of satisfaction with each dimension would have a rippling or snowballing effect to create a magnanimous and positive perception of the service quality at the bank.

**Hypothesis 2**

Clients varying in biographical or classification data (gender, frequency of visit to the bank) differ significantly in their perceptions of the dimensions determining service quality (tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer) respectively.

Table 4 indicates that males and females do not differ significantly in their perception of the dimensions relating to tangibles, reliability, competence, credibility, security, communication and understanding the customer respectively, that determine service quality. However, there is a significant difference in the manner in which males and females view the responsiveness of the bank, the courtesy of bank personnel and access to the bank (Table 5).

From Table 5, it is evident that males

(Mean = 3.807) feel more positively towards the institution’s responsiveness as compared to females (Mean = 3.485). Furthermore, males (Mean = 3.970) consider staff in the bank to have more courteous mannerisms than females (Mean = 3.702). In addition to this, males (Mean = 4.000) show greater preference for the bank’s accessibility than females (Mean = 3.687). It is thus, clear from Table 5 that there is a significant difference in the perception of male and female customers. Females present themselves as being harder to satisfy and reflect higher expectations in terms of service quality as determined by responsiveness, courtesy and accessibility. Hence, hypothesis 2 is only partially accepted in terms of gender.

Table 6 indicates that there is no significant difference in the perceptions of customers differing in patronage (frequency of visit to the bank) regarding the dimensions of the study determining service quality (tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer) respectively. Therefore, hypothesis 2, relating to frequency of visit, is rejected. Clearly, frequency of visit to the concerned bank is not influenced by

**Table 4:** T-Test – Perceptions Of Dimensions Determining Service Quality Based On Gender

Variables	t-test for Equality of Means		
	T	Df	p
Tangibles	0.313	157	0.755
Reliability	1.876	157	0.063
Responsiveness	3.146	157	0.002*
Competence	1.417	157	0.159
Courtesy	2.693	157	0.008*
Credibility	1.425	157	0.156
Security	0.266	157	0.791
Access	2.982	157	0.003*
Communication	1.273	156	0.205
Understanding the consumer	1.152	157	0.251

\* p < 0.01

**Table 5:** Post Hoc Scheffe's Test Showing Mean Differences In Perceptions Of Dimensions Determining Service Quality Based On Gender

Variable	Gender	N	Mean	Standard Deviation
Responsiveness	Male	75	3.807	0.62
	Female	84	3.485	0.66
Courtesy	Male	75	3.970	0.55
	Female	84	3.702	0.69
Access	Male	75	4.000	0.65
	Female	84	3.697	0.68

**Table 6:** Anova – Perceptions Of Dimensions Determining Service Quality Based On Frequency Of Visit

Variables	F	P
Tangibles	1.503	0.226
Reliability	2.433	0.091
Responsiveness	0.254	0.776
Competence	0.277	0.759
Courtesy	1.543	0.217
Credibility	0.272	0.762
Security	1.291	0.278
Access	0.664	0.516
Communication	1.068	0.346
Understanding the consumer	0.272	0.762

customer perception of the dimensions of service quality of the bank. This finding runs contrary to the understanding that positive perception enhances repeat patronage (Heskett, Sasser & Schlesinger 1997).

### **Hypothesis 3**

The dimensions determining service quality in the banking institution (tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer) have varying levels of impact on service quality.

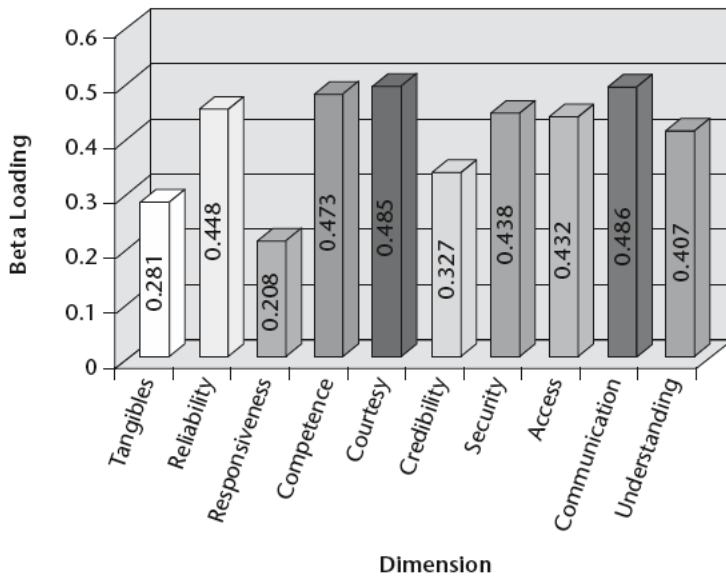
The beta loadings as reflected in Figure 2 indicate that the dimensions determining service quality have varying degrees of impact on service quality in the banking institution and therefore, serves

as a guide in terms of what to prioritize and has implications for marketing and advertising. Hence, hypothesis 3 may be accepted. Figure 2 reflects that clients view communication (Beta = 0.486) and courtesy (Beta = 0.485) to be the most critical dimensions impacting on service quality in the bank. This is followed, in descending level of impact, by competence of bank staff (Beta = 0.473), reliability (Beta = 0.448), security (Beta = 0.438), access (Beta = 0.432), understanding the customer (Beta = 0.407), credibility (Beta = 0.327), tangibles (Beta = 0.281) and responsiveness (Beta = 0.208).

### **DISCUSSION**

The results obtained will be discussed in terms of the findings of other researchers in

Figure 2: A Beta loadings indicating impact of the dimensions on service quality



the field and implications for practice will be highlighted for each dimension impacting on service quality. In addition, perceived gaps in service quality will be identified.

### *Tangibles*

In this study, tangibles regarding the bank's appearance of physical facilities, equipment, personnel, printed and visual materials scored the highest mean value (Mean = 4.043), thereby reflecting a very positive impression by customers in this regard. However, tangibles was viewed as having the second least impact on service quality. These results are in congruence with that of Nitecki (1996) and Zeithaml et al. (1990) whilst Vergueriro and De Carvalho (2000) found tangibles to be quite significant in assessing service quality.

### *Reliability*

In this study, reliability regarding the staff's ability to perform the promised service dependably and accurately obtained an average mean value of 3.614. Furthermore, it was ranked fourth, based on beta loadings, in its impact on service quality. Similarly, Gronlund, Jacobs and

Picard (2001) carried out a study on the customers of Finnish Printing Companies that explored relations among importance ratings, performance ratings and problem experiences in different determinants of service quality. For customers of Finnish Printing Companies, the service dimension that had the highest correlation with overall grade for performance and services received was reliability. Hence, these studies suggest that reliability is the core of good service. Companies are supposed to be accurate and dependable and provide the service they promised to provide.

### *Responsiveness*

In this study, responsiveness in terms of the staff's willingness to help customers by providing prompt service obtained an average mean value of 3.637. However, responsiveness surfaced as the dimension with the least impact on service quality. This may be attributed to an overlap in meaning between reliability and responsiveness, which perhaps also caused a shared importance between reliability and responsiveness in the study by Zeithaml et al. (1990).

**Competence**

In this study, competence of the staff's possession of the required skill and knowledge to perform the service obtained a mean value of 3.830. Competence surfaced as the third most important dimension in determining service quality. Competency is perhaps, a critical ingredient for success in service delivery in the banking sector where the consequence of a mistake can be devastating.

**Courtesy**

In this study, courtesy of the staff (measured by displaying politeness, respect, consideration and friendliness of contact personnel) obtained a mean value of 3.829. Courtesy surfaced as being second in its impact on service quality. Similarly, in De Man, Glemmel, Vlerick, Van Rijk and Dierckx's (2002) study based on the patients' and personnel's perceptions of service quality and patient satisfaction in the nuclear medicine department at the University hospital, it was revealed that the dimension measuring perception of courtesy scored the highest for the personnel. With respect to Murthy's (1999) study to assess the quality of care and client satisfaction with Family Welfare Programme in a district in rural Maharashtra, several Indian studies have reported that the rude behaviour of health staff has been a major reason why women have not liked or used the government health services. Clients of the government's Family Welfare Programme received poor quality of care. He attributed this to the attitudes of health workers, who showed little respect for clients, especially if they were poor, illiterate or came from lower social strata. Clearly, the results indicate that the lack of courtesy amongst personnel can be detrimental to high contact service providers.

**Credibility**

In this study, credibility of the staff related to being trustworthy, believable and honest when providing a service

obtained a high mean value of 3.973. This indicates that the majority of the respondents are satisfied with the staff members displaying the qualities of being honest and trustworthy. Credibility however, was ranked eighth in its impact on service quality with other dimensions taking priority. Contrary to these findings however, Behe (2002) found in a study of a Retail Garden Centre in North Carolina that customers of both traditional, free-standing garden centers and mass market garden centres had high product and service quality expectations. The findings showed that both customer groups valued the credibility dimension the highest. Similarly, a study conducted by Bove and Johnson (2002) in the hairdressing context provided a research setting in which personal loyalty could exist. Their findings revealed that credibility was the most significant indicator of personal loyalty. Here, trust was seen as an interpersonal state that reflects the extent to which a customer believes that the hairdresser is honest, can predict the hairdresser's behaviour, can depend on the hairdresser when it counts and has faith that the hairdresser will continue to act in her best interests.

**Security**

In this study, security (where the clients are free from danger, risk or doubt) obtained a high mean value of 3.938. This indicates that the majority of the respondents are satisfied with the security measure provided by the bank. Furthermore, security surfaced as being fifth in its impact on service quality at the bank. Security has long been considered one of the most crucial issues for internet users. Findings from interviews indicated that internet banking at its present stage is considered to be relatively secure. In addition, in the study undertaken by Curry and Sinclair (2002) on assessing the quality of three different types of service (community rehabilitation team, the outpatient clinic and general practitioner

service) of physiotherapy services, it was noted that the highest expectation score was related to the security dimension. Patients wanted to feel safe during their treatment.

### **Access**

In this study, access obtained a mean value of 3.827. This indicates that the majority of the respondents expressed a significant degree of satisfaction with the staff's approachability and with ease of contact. Furthermore, access surfaced as the sixth important dimension in determining service quality at the bank.

### **Communication**

In this study, communication with the client/customers obtained an average mean value of 3.698. This indicates that the majority of the respondents reflect only an average level of satisfaction with the staff's communication skills, that is, listening to customers and acknowledging their comments and keeping customers informed in a language they can understand. Communication surfaced as the most critical dimension in determining service quality at the bank.

### **Understanding the customer**

In this study, understanding the customer obtained the lowest mean value of 3.503. This indicates that the majority of the respondents reflect the least positive perception of the staff members making the effort to know customers and their needs. Furthermore, understanding the customer surfaced as the seventh important dimension determining service quality. The results of a study showed that a Vehicle Certification Agency (VCA) which scored the highest in terms of understanding the customers' needs takes into account the customers' views made directly or through their trade associations before changes to regulations and procedures are introduced. Furthermore, they keep

business relationships confidential with individual customers and they also regularly discuss with the industry associations how effectively they are performing (VCA 2003).

### **Perceived gaps in service quality at banking institution**

Customers' importance of the dimensions determining service quality was measured in terms of impact, that is, the dimension considered to be most important was the one having the greatest impact on service quality (1 – greatest impact). Conversely, the dimensions considered to be least important was the one having the least impact on service quality (10 – least impact). Furthermore, customers' perceptions of the current perception of the dimensions determining service quality were evaluated. The dimension having the most positive perception was ranked 1 and that with the least positive perception was ranked 10. If one has to map the rankings of customers' perceptions of the dimensions (1 = most positive; 10 – least positive) used to determine service quality at the bank with their rankings of the perceived level of impact of the dimensions (1 – greatest impact; 10 – least impact) on service quality (Table 7), the gap and hence, the areas for improvement become distinct (Figure 3).

Table 7 indicates that:

- With regards to credibility and tangibles, service delivery far exceeds expectations.
- With regards to security and responsiveness, service delivery exceeds expectations.
- With regards to access, service delivery is on par with expectations.
- With regards to communication and reliability, expectations far exceeds service delivery and hence, depicts areas for drastic improvement.
- With regards to courtesy and understanding the customer, expectations

exceeds service delivery and hence, depicts areas for improvement.

- With regards to competence, expectations exceed service delivery by a small margin and hence, slight improvement will be beneficial.

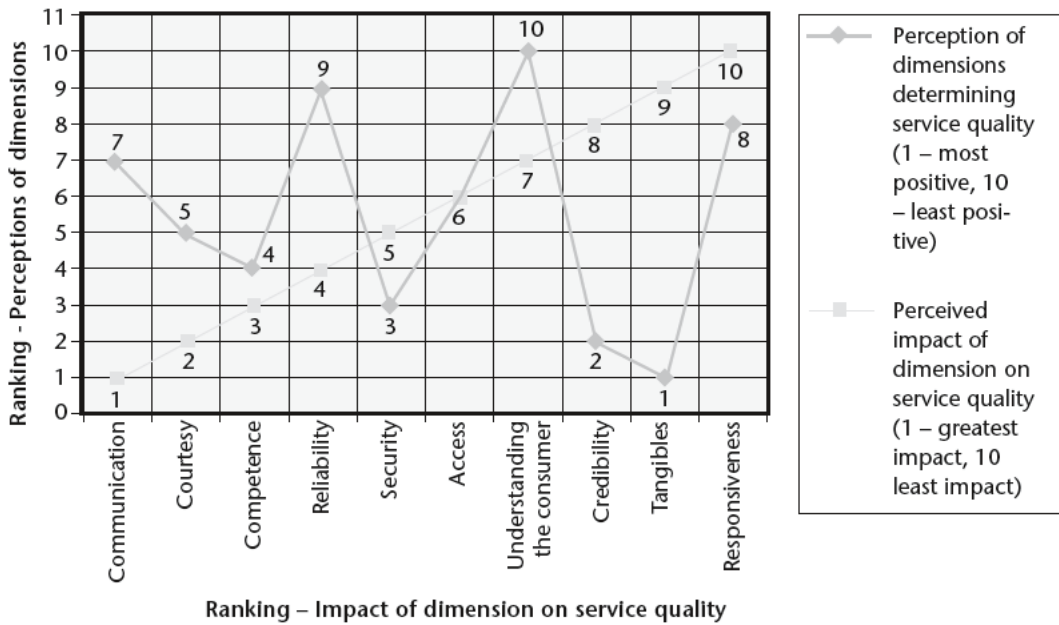
If these areas are improved, Gaps 1 to 5 will be addressed especially since:

- Communication and understanding the customer affects Gap 1.
- Communication and reliability affects Gaps 2 and 4.
- Communication and courtesy affects Gap 3.
- Communication, understanding the customer, reliability and courtesy affects Gap 5.

**Table 7:** Mapping Customers' Perceptions Of The Dimensions Used To Assess Service Quality With The Level Of Impact Of These Dimensions In Determining Service Quality

Dimension Determining Service Quality	Perceptions of the dimensions used to assess service quality (1 – most positive; 10 – least positive) (Ranking based on Mean Scores)		Perceived impact on service quality (1 – greatest impact; 10 – least impact) (Ranking based on Beta Loadings)		Outcome
	Mean Score	Ranking	Beta Loading	Ranking	
Communication	3.698	7	0.486	1	Expectations far exceeds service delivery Drastic improvement needed
Courtesy	3.829	5	0.485	2	Expectations exceeds service delivery Improvement needed
Competence	3.830	4	0.473	3	Expectations exceed service delivery by a small margin Slight improvement will be beneficial
Reliability	3.614	9	0.448	4	Expectations far exceeds service delivery Drastic improvement needed
Security	3.938	3	0.438	5	Service delivery exceeds expectations
Access	3.827	6	0.432	6	Service delivery is on par with expectations
Understanding the consumer	3.503	10	0.407	7	Expectations exceeds service delivery Improvement needed
Credibility	3.973	2	0.327	8	Service delivery far exceeds expectations
Tangibles	4.043	1	0.281	9	Service delivery far exceeds expectations
Responsiveness	3.637	8	0.208	10	Service delivery exceeds expectations

Figure 3: Mapping gaps between perceptions of dimensions and impact of dimensions on service quality



**Perceived impact of biographical data**

Significant gender differences were noted in terms of three dimensions determining service quality, namely, responsiveness, courtesy and accessibility. The results indicate that female clients at the bank are harder to satisfy in terms of these three criteria of service quality. The implication is that marketing approaches need to be directed to a greater extent at females relating to these criteria and staff need to be trained in addressing issues whilst taking cognizance of this outcome.

**RECOMMENDATIONS AND CONCLUSION**

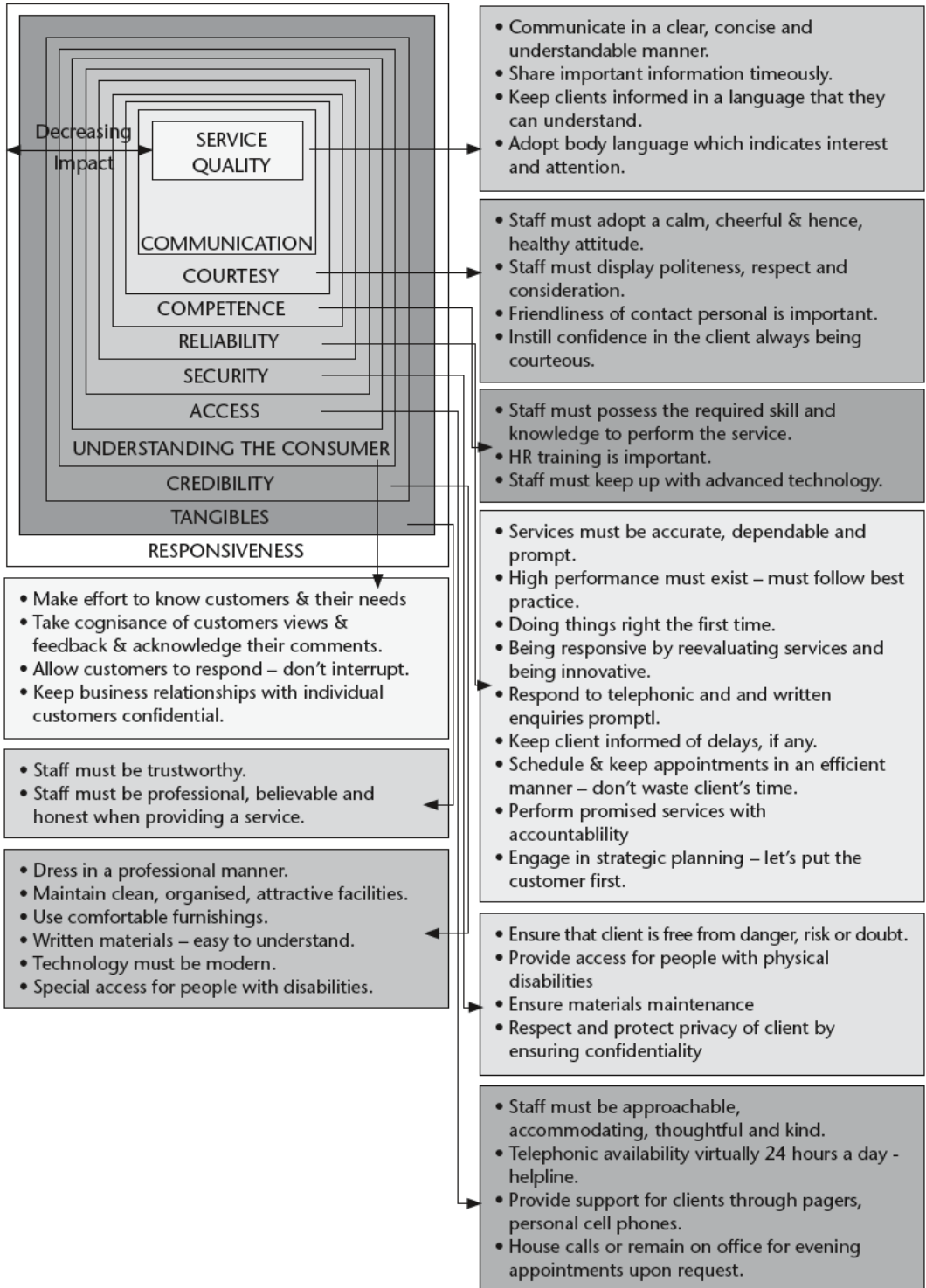
To improve these areas and others, Figure 4 illustrates a framework for the delivery of excellent service quality. Communication in the banking institution was considered to be the most important dimension determining service quality. The other dimensions, in descending level of impact, from the center point to the outermost

segment, in determining service quality are depicted in Figure 4.

With the challenges that banks face today, they have to adopt a proactive approach to the way they do business. Hence, the recommendations presented in Figure 4 should be considered as they play a pivotal role in acquiring the best service delivery at the banking institution. At a time when the banking industry witnesses fierce competitive pressures and faces an increasingly discerning clientele, it allows a bank to differentiate itself strategically from its competitors by improving service quality, thereby enhancing accessibility and responding to customer demands. It can help reduce high costs associated with rectifying problems by anticipating problems before they actually occur and ensuring that the service delivered to the customers is of high quality in the first place; otherwise, it will not survive in this highly competitive financial world.



Figure 4: Framework for Enhancing Quality of Service



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