Service Quality in Post Office Saving Banks

(A Study of Investors' Perceptions and Expectations of Udaipur City using SERVQUAL Model)

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ABSTRACT

Perception of investor is an essential element for the success of service firms like Post Office Savings Bank (POSB). The quality of service has become an important aspect of investors perception. This study endeavors to discover the impact of service quality on investors' perceptions in Post Office Savings Banks of Udaipur City using SERVQUAL model. Five dimensions in service quality (SERVQUAL) such as Tangibility, Reliability, Responsiveness, Empathy, and Assurance (Parasuraman, 1985) are considered as the base for this study. A structured questionnaire with 5 point Likert scale has been used to collect the data by conducting survey. The sample size is 50 and is chosen on convenient basis. Results of the study show that all five service factors i.e. Tangibility, Reliability, Responsiveness, Assurance and Empathy, significantly and positively influence investors' attitudes in terms of satisfaction. The study found that investors' expectations are higher then what they perceived on almost all statements, which is not good for POSB. It is concluded that service quality dimensions are crucial for investors' perceptions and expectations on service quality in Post Office Saving Banks of Udaipur City.

Keywords: SERVQUAL, POSB, service quality.

INTRODUCTION:

In today's ever changing world, service quality and investor perception is becoming the most important factors of success. Presently in India, there are various investment schemes and opportunities available for an individual to invest his savings and he can choose the appropriate scheme, which suits his needs. Post office saving bank is the largest savings institutions in the country. With a view to mobilize savings of people with relatively small income and circulating in them a spirit of thrift and savings, the Central Government has endeavored to make the National Savings Movement popular by offering high returns than those given by scheduled banks. There are a number of attractive schemes, well designed to meet the individual requirements of different investors (Dhiraj & Ruhika, 2012)[1]. In many countries postal savings have long enabled provisions of financial services to all segments of population. Thus post office is the operating agency for implementing various small savings schemes (Scher, 2001)[2]. Now these schemes have been operated throughout the country in more than 1, 55,000 Post Offices.

SERVICE QUALITY:

An author defines service as "any intangible act or performance that one party offers to another that does not result in the ownership of anything" (Kotler & Keller, 2009)[3]. Quality can also be defined as the totality of

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Dhiraj, & Ruhika. (2012). Investors' attitude towards Post Office Deposits Schemes - Empirical Study in Udaipur district, Rajasthan. *International journal of marketing and technology, 2*(7).

features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs (Kotler et al., 2002)[4].The study of service quality has gained much importance when marketers identified that quality services could build their competitive advantage and competitiveness. Service quality defined as difference between consumer's expectations of what they want and consumer's perceptions of what they get. (Parasuraman *et al*, 1985)[5]. As such, service quality has become most extensively studied subjects with a specific interest in its measurement (Kang & James, 2002)[6].

Based on all conceptualization and definition, Parasuraman developed a service quality measurement scale called SERVQUAL. The SERVQUAL scale was widely accepted in service quality literature and applied in various service settings (Jain & Gupta, 2004)[7]. Some of the most recent researchers also agree with this notion and defines service quality as difference between two scores where better service quality results in smaller gap (Landrum *et al*, 2008)[8].

SERVQUAL a 21-item instrument model which is considered into five dimensions namely-
1. Reliability which means the ability to perform the promised service dependably and accurately.
2. Responsiveness which means the willingness to help customers and to provide prompt service.
3. Assurance which means the knowledge and courtesy of employees and their ability to convey trust and confidence.
4. Empathy which means the willingness to help customers and to provide prompt service.
5. Tangibility which means the appearance of physical facilities, equipment, personnel and combination materials.

Investor perceptions of quality and investor satisfaction
(Wilson et al., 2008)[9]
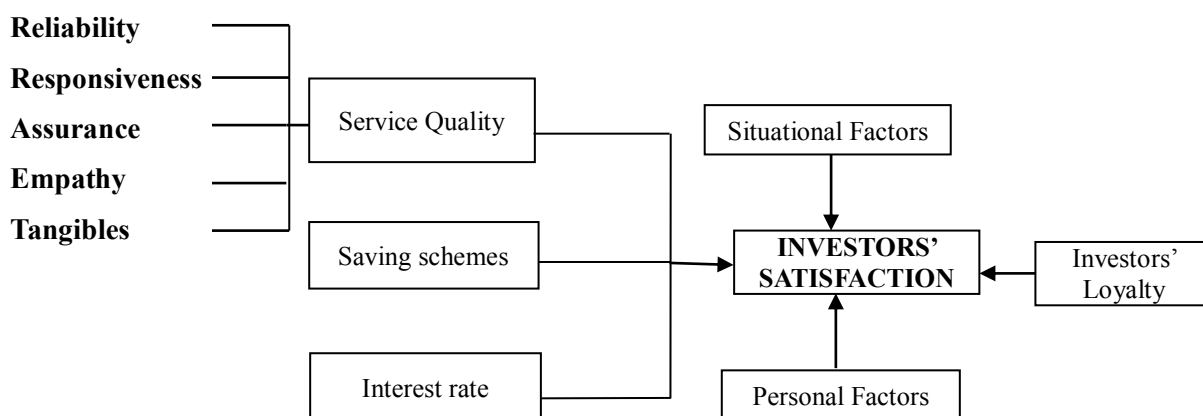
LITERATURE REVIEW:

S. No.	Author	Year of Publication	Research Topic	Research Methodolgy	Findings And Conclusion
1.	Douglas Chiguvil[10]	2017	A Study on Customer Satisfaction in Commercial Banks in Botswana	Descriptive research design SERVQUAL model was used. Data was collected through questionnaire.	Results concludes that customers were not satisfied completely with the services of these bank, so in order to retain customers banks must improve its service quality.
2.	Enliat Shala[11]	2017	The Evaluation of Service Quality in the Growing Banking Sector in Kosovo	Descriptive research design used gap score analysis.	Results indicate difference between expectation and perception of bank customers.

S. No.	Author	Year of Publication	Research Topic	Research Methodolgy	Findings And Conclusion
3.	Maya Basant Lohani[12]	2012	Assessment of Service Quality in Public and Private Sector Banks of India with Special Reference to Lucknow City	Chi-square analysis was performed to determine the Impact of SERVQUAL with banking services.	The results show that dimensions of service quality significantly predict customer trust and commitment. Private banks are more committed in comparison to public banks.
4.	Saraswathi[13]	2011	Perception of Customers on the Performance of the Private Banks - A Study with Servqual	Descriptive research design SERVQUAL scale was used as the base of the study which consists of 5 dimension of service quality. Mean, standard deviation and correlation calculated	Customers of the private banks are satisfied with the services. SERVQUAL score reported good scores for all 5 dimensions i.e. tangibility, reliability, responsiveness, assurance and empathy.
5.	Parasuraman et al[14]	1985	A Conceptual Model of Service Quality and its implication for Future Research	Exploratory investigation	Proposed an model to excess the service quality dimensions named as SERVQUAL

RESEARCH GAP:

Several studies are carried out by various researchers of India & abroad, to find out dimensions and factors which influence effective services. Ample of researches have been done with reference to SERVQUAL model with financial sector. It has been concluded on the basis of review of literature that no study so far has been done on Post office savings banks (POSB) to find out service quality factors that influence the perception of an investor or does any gap exist between the perception and expectations of investors with special reference to Udaipur district. Therefore this study will bridges the entire gap.

RESEARCH OBJECTIVES:

1) To identify the gap in services offered by post office saving banks with special reference to customer perceptions and expectations.
2) To compare expectation and perception score of post office savings bank with respect to all five service quality dimensions.

HYPOTHESIS:

H_{01}: There is no significant difference between investors' perception & expectation in post office savings banks of Udaipur city.

RESEARCH METHODOLGY:

- **Research design & procedure-**
  A descriptive research design was used to gain an insight into Investors' perception about services offered by post office saving banks of Udaipur city.
- **Tools for data collection-**
  For collection of primary data, a structured questionnaire SERVQUAL was used.The scale currently contains 21 perception items that are distributed throughout the five service quality dimensions. The same scale was used to derive the expectation score of the respondents. The respondents were asked to provide belief rating for services offered by post office saving banks, using five point Likert scale, from 1(strongly disagree) to 5(strongly agree).
- **Sampling unit & Sample size-**
  The sampling unit under this study included the individual investors' of the post office saving banks of Udaipur city. Sample size used was 50 investors' of post office saving banks of Udaipur city.
- **Sampling techniques-**
  The sampling technique used under the study was convenient sampling by distributing questionnaires to walk in investors' of post office saving banks.
- **Data analysis and interpretation-**
  Once the data is collected, it needs to be analyzed and interpreted on the basis of questionnaire collected from various respondents. Primary data was analyzed using mean average.
  Gap analysis was done by calculating the average mean for the individual statements & dimensions on the basis of SERVQUAL instrument containing
  - **5** statements for Reliability
  - **3** statements for Responsiveness
  - **4** statements for Assurance
  - **4** statements for Empathy
  - **5** statements for Tangibility
- **Gap score:** It refers to the difference between investor's perception and expectations on various service quality dimensions. A negative gap score is obtained when expectation exceeds the perceptions and vice-versa. In cases, when expectation and perception are equal, service quality is satisfactory. This calls for giving utmost priority to dimensions having a negative gap score as they depict fall in quality of services offered to respondents of post office saving banks.

Table 1: Demographic Profile of the Respondents

S. No.	Demographic Factor	Frequency	Percent
Age			
1	15-25	7	14%
2	26-50	32	64%
3	51-75	9	18%
4	More than 75	2	4%
Gender			
1	Male	28	56%
2	Female	22	44%
Literacy Level			
1	No formal education	4	8%
2	School level	21	42%
3	College level	17	34%
4	Professionals	8	16%
Occupational Status			
1	Agricultural	2	4%
2	Business	25	50%
3	Employed	16	32%
4	Professional	4	8%
5	Other	3	6%

S. No.	Demographic Factor	Frequency	Percent
Income Level			
1	< 5000 Rs	12	24%
2	5000-10000 Rs	11	22%
3	10000-15000 Rs	14	28%
4	15000-20000 RS	9	18%
5	>20000 RS	4	8%

The above table shows that out of 50 respondent's 14% belongs to the age group of 15-25 years, 64% belongs to the age group of 26-50 years, 18% belongs to the age group of 51-75 years and only 4% belongs to the age group above 75 years. 56% were male and44% are female. 34% were qualified up to college level, 16% were professionally qualified, 42% were qualified up to school level and only 8% of the respondents had no formal education. 32% were employed in government or private organization, 58% of the respondents belong to business and professionals, 6% belongs to other category such as retired persons, housewives, etc. and only 4% belongs to agriculture. 8% belongs to a monthly income group of below Rs. 5000, 22% belongs to both monthly income group of Rs.5000-10000, 28% of them belongs to Rs.10000-15000, 18% of them belongs to Rs.15000-20000 and only 4% have a fixed monthly income more than Rs.20000 . Majority of the respondents belong to the monthly income group of below Rs. 15000.

Table 2: Mean Score of 21 Statements

	Service Quality Dimensions	Perception scores (P)	Expectation scores (E)	Gap Scores (P-E)	Average Dimension
Responsivness					
R_1	Providing services as promised	4.01	4.67	(0.66)	
R_2	Sincere in solving the problem	3.14	3.16	(0.02)	
R_3	Performing services right the first time	3.96	4.06	(0.10)	(0.128)
R_4	Providing services at the promised time	4.20	4.84	(0.64)	
R_5	Keep Investors' informed about when services will be performed	4.18	3.40	**0.78***	
Reliability					
RE_1	Providing prompt services to Investors'	4.20	4.20	00	
RE_2	Willing to help Investors'	3.56	3.92	(0.36)	(0.121)
RE_3	Ready to respond to Investors' request	4.68	4.68	00	
Assurance					
A_1	Employees instill confidence in Investors'	4.6	6.25	(1.65)	
A_2	Investors' feel safe in transactions with post office savings banks	3.54	4.24	(0.70)	
A_3	Employees are consistently courteous	4.84	5.72	(0.88)	(1.040)
A_4	Employees have the knowledge to answer to your questions	3.36	4.29	(0.93)	
Empathy					
E_1	Post offices savings bank gives individual attention	3.44	2.23	**1.21***	
E_2	Employees gives individual attentions	3.48	3.88	(0.40)	
E_3	Post office savings bank has Investors' best interest level at heart	3.88	4.46	(0.58)	(0.002)
E_4	Employees understand Investors' specific needs	3.6	3.84	(0.24)	
Tangibility					
T_1	Post office savings bank has modern looking equipment	2.16	4.88	(2.72)	
T_2	Post office savings bank physical facilities are	1.26	3.56	(2.30)	(1.186)

	Service Quality Dimensions	Perception scores (P)	Expectation scores (E)	Gap Scores (P-E)	Average Dimension
	visually appealing				
T$_3$	Employees appears neat	4.74	4.52	**0.22***	
T$_4$	Materials associated with the service are visually appealing	3.5	4.13	(0.63)	
T$_5$	Post office savings bank has convenient business hours	3.9	4.4	(0.50)	

The mean responses were obtained by calculating the average of expectation and perception score of POSB in order to find out the Gap scores.

* Gap score in bold indicates that investors perceiving high then their expectation on certain statements, which is good for POSB.

Table 3: Mean Score of 5 Dimensions

Dimensions	Perception (P)	Expectation (E)	Gap Scores (P-E)	Priority
Reliability (R$_1$ – R$_5$)	3.898	4.026	(0.128)	**3**
Responsiveness (RE$_1$ – RE$_3$)	4.146	4.267	(0.121)	**4**
Assurance (A$_1$ – A$_4$)	4.085	5.125	(1.040)	**2**
Empathy (E$_1$ – E$_4$)	3.600	3.602	(0.002)	**5**
Tangibility (T$_1$ – T$_5$)	3.112	4.298	(1.186)	**1**

Tables 3 represents the mean responses for Expectation, Perception and Gap score of POSB i.e. the difference between these two on five service quality dimensions. It reveals that the expectations of the investors exceeded their perceived level of services for almost all the dimensions. This shows that there exist gap scores for all the dimensions and the quality of services offered by POSB to the investors of Udaipur. Parasuraman *et al* (1988, p.30) argues that generally the expectation levels of customers exceed their perceptions and this also implies that continuous improvements are necessary for service organizations. This shows that the POSB did not meet the expectations of its investors'. Ranking has been allotted to all dimensions based on their gap score, through ranking it has been founded that tangibility has the highest gap and empathy has least.

FINDINGS AND INTERPRETATION:

1) The gap score of (1.186) was highest on Tangibility attribute of service quality which means the appearance of physical facilities, equipment, personnel and combination materials affect a lot to investors and they are not satisfied with them at POSB.

2) Second highest gap score (1.040) was of Assurance attribute of service quality. The bigger the gap score, more serious is the Service Quality shortfall from investor view point. POSB requires increasing the confidence level of its employees at utmost priority.

3) The third dimension with a gap score of (0.128) was reliability. The bank must concentrate on providing the services as promised.

4) The next most important dimension was Responsiveness with a gap score of (0.121) under which POSB must pay attention to increase the willingness of employees to help investors.

5) The Last dimension according to ranking was Empathy. Present study shows only (0.002) gap score which shows employees of POSB are willing to help investors'.

CONCLUSION OF THE STUDY

1) The largest discrepancies were found on 'Tangibility' dimension of service quality; this is an alarming situation for POSB and requires an immediate action.

2) The study indicates that sample population need not be gaining what they expect from POSB.

3) The analysis of Gap score reveals that there is perceptual problem because only 3 positive gap score out of 21 statements have been analyzed through study.

4) It represents investors' dissatisfaction from the quality of services offered by post office savings bank. The results of this research show the weaknesses and gaps related to quality of services offered at POSB.

CONCEPTUAL FRAMEWORK OF SERVQUAL ANALYSIS:
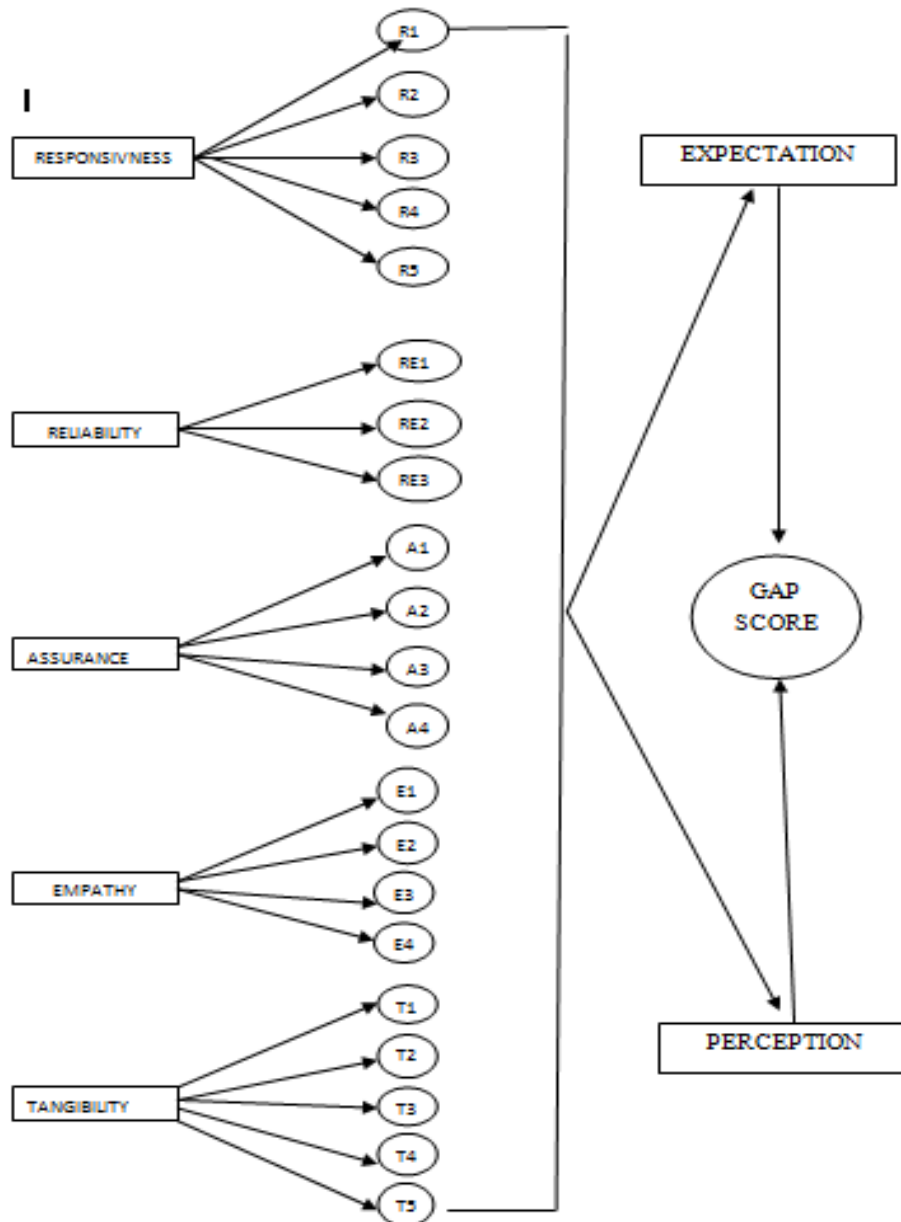
LIMITATIONS OF THE STUDY:

1) The study was restricted only to walk in investors of POSB.

2) As service sector has become an emerging trend the Questionnaire referred to the respondents may not be up to the mark.

3) As the research was conducted only in POSB of Udaipur city, the findings of the study may not be fully claimed.

RECOMMENDATIONS AND SUGGESTIONS:

1) Post Office savings Bank of Udaipur city should make service providers aware of their role and bank should provide adequate training in order to offer consistently high standards of service delivery.

2) Bank should also focus on physical facilities to enhance service quality.

3) Management of POSB should concentrate on improving the confidence level of its employees under Reliability dimension as highest discrepancies was found here.

4) It is important that Service quality should be reassessed on regular basis so as to enhance the effectiveness of Service Quality and to identify the service quality trends as they emerge.

5) According to the results of this study, POSB can formulate plans to improve service quality.

6) It should be noted that service quality evaluations should be perform periodically in order to being aware of the processes of service quality improvement.

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