
Effect of Demographic Factors on Tangibility Dimension of Service Quality of Banks

Dr. Vishnu N Mishra *

Rashmi Ranka**

Dr. Neha C Modi***

Snehal Bawre****

Abstract

Service quality has become one of the most important dimensions for banking industry. Thus the banking industry has started focusing on the quality issues. In this context, the service quality perception among the customers of the banks is the most critical issue. If service quality is to become the cornerstone of marketing strategy, the marketer must have the means to measure it. One of the ways to measure it is expectancy disconfirmation. Expectancy disconfirmation is the gap between perceived quality and expected quality. This paper finds out the Tangibility expectancy disconfirmation of service quality of Banks. The data collected with the help of SERVQUAL has been analyzed using correlation, F Test and ANOVA. SPSS was used for data analysis.

Keywords: Service Quality, Tangibility, Expectancy Disconfirmation.

Introduction: The service quality has become a major area of attention because of its strong impact on business performance, lower cost, customer satisfaction, customer loyalty and profitability.

Competition has become more intense in post liberalization. Also, the banking industry has been facing problems in delivering quality services to their customers. Therefore the concern for service quality has grown. Thus for the banks the **service quality** perception among the customers is one of the most critical issue.

If service quality is to become the cornerstone of marketing strategy, the marketer must have the means to measure it. The most popular measure of service quality is SERVQUAL, an instrument developed by Parasuraman et al. (1985; 1988). Not only has research on this instrument been widely cited in the marketing literature, but also its use in industry has been quite widespread (Brown et al., 1993).

Expectancy Disconfirmation: Expectancy disconfirmation is the gap between perceived quality and expected quality. According to the expectancy disconfirmation paradigm (Bloemer and Ruyter, 1999), a consumer's feeling of satisfaction results from comparing a product or service's perceived performance in relation to his/her expectations. If the performance falls short of expectations, negative disconfirmation occurs, leading to a feeling of dissatisfaction. If the performance exceeds the expectations, positive disconfirmation occurs, and the consumer is highly satisfied. If the performance just

matches expectations, the consumer's expectations are confirmed, and the consumer is just satisfied.

This paper finds out the Tangibility expectancy disconfirmation of service quality of Banks. Here banks include both public as well as private banks.

Review of Literature:

Parasuraman et al. (1985), surveyed consumers and executives in 4 service sectors (retail banking, credit cards, securities brokerage, & product repair and maintenance) affirmed that the determinants of service quality include reliability, responsiveness, competence, communication, and credibility. Service quality evaluations by consumers are a function of their expectations and the process and output quality they perceive in the service provider. The causes of service quality problems include: 1. personnel who seem unwilling or unable to perform the service requested, 2. communications gaps, such as unrealistic promises, 3. a bent toward innovation that results in too much complexity in the entire services mix, and 4. the tendency of service providers to view customers as statistics. Remedial actions service providers can make include: 1. Managing Customer Expectations, 2. Educating Customers about the Service, and 3. Automating Quality insofar as possible.

Barbara R. Lewis and Vincent W. Mitchell (1990) identified that the importance of service quality as an indicator of customer satisfaction and organizational

* Associate Professor, GSIMR, Indore

** Assistant Professor, GSIMR, Indore

*** Assistant Professor, GSIMR, Indore

**** Assistant Professor, GSIMR, Indore

performance is widely acknowledged and has led to a major research thrust which has focused on a number of industries within the service sector. Some of the research relating to defining and measuring service quality is reviewed and a number of suggestions are made as to how measurement instruments such as SERVQUAL might be improved.

Bodla (2004) examined and measured the service quality provided by commercial banks (both public and private) in India using the SERVQUAL instrument. This study brought out that actual service delivery by both private and public sector in India falls short of the expectations of customers on a large majority of the elements of service quality. Nevertheless private sector banks have an edge over public sector banks in terms of quality of service being offered to customers.

Ugur Yavas, Martin Benkenstein (2007) in their paper-Service quality assessment: a comparison of Turkish and German bank customers studied to determine the underlying configurations of service quality perceptions between Turkish and German bank customers and then tried to ascertain the extent of cross-cultural congruence. The results showed that the underlying configurations of service quality items decompose into three factors for both groups. The extent of congruence between the two groups is strong. The overall consistencies between the Turkish and German consumers suggest that a standardized approach is feasible for multinational banks operating in the two countries. Emergence of cross-cultural similarities carries implications for bank managers.

Trivedi Megha and Agrawal Nirmal (2009) in their paper have proposed that quality of service is an indicator of customer satisfaction. Measuring service quality involves objective feedback about existing customers of ICICI bank with respect to their expectations and services offered. Performance of a bank may be evaluated with regard to a set of satisfaction parameters that indicate the strengths and weaknesses of an organization. Standard scale of SERVQUAL developed by Parasuraman et al., has been used to conduct the survey. This study is based on five overall dimensions of customer satisfaction with services provided by ICICI. The five dimensions used to measure service quality are tangibility, reliability, responsiveness, assurance and empathy. This study gives useful insights to boost customer satisfaction towards ICICI.

Mukesh Kumar, Fong Tat Kee and Amat Taap Manshor (2009) studied the factors determining the relative importance of critical factors in delivering service quality of banks by re-examining the SERVQUAL model. The results of their research revealed that there are significant differences between the respondents' expectation and

their perceptions. Among the four dimensions tested, tangibility had the smallest gap whereas convenience had the largest gap. The application of dominance analysis indicated that competence and convenience together can help to reduce the SERVQUAL gap as much as 76 per cent. The banking sector needs to become more competent by being more responsive and fulfilling the assurance of the customers and providing the banking facilities more conveniently. . Measuring the relative importance of service quality dimensions consistently will provide insights to the banks as to what areas need to be emphasized in order to retain their customers and attract new ones. It provided the guidelines for the banks to develop proper strategies and react faster to the changes of customers' banking behavior.

Objective: The objective of this research paper is to study the effect of gender, age, occupation and income and their interactions on tangibility expectancy disconfirmation of service quality of Banks.

Hypotheses: In this study, hypotheses pertaining to the relationship and gap between expectations and perceptions of tangibility dimension of service quality along with effect of age, gender, occupation, income and their interaction on tangibility dimensions of service quality with respect to public sector and private sector banks have been tested.

The following hypotheses have been tested:

H01 “There is no significant effect of age on tangibility expectancy disconfirmation of service quality of banks”.

H02 “There is no significant effect of gender on tangibility expectancy disconfirmation of service quality of banks”.

H03 “There is no significant effect of occupation on tangibility expectancy disconfirmation of service quality of banks”.

H04 “There is no significant effect of income on tangibility expectancy disconfirmation of service quality of banks”.

H05 “There is no significant effect of interaction between age and gender on tangibility expectancy disconfirmation of service quality of banks”.

H06 “There is no significant effect of interaction between age and occupation on tangibility expectancy disconfirmation of service quality of banks”.

H07 “There is no significant effect of interaction between age and income on tangibility expectancy disconfirmation of service quality of banks”.

H08 “There is no significant effect of interaction

between gender and occupation on tangibility expectancy disconfirmation of service quality of banks”.

- H09** “There is no significant effect of interaction between gender and income on tangibility expectancy disconfirmation of service quality of banks”.
- H10** “There is no significant effect of interaction between occupation and income on tangibility expectancy disconfirmation of service quality of banks”.
- H11** “There is no significant effect of interaction among age, gender and occupation on tangibility expectancy disconfirmation of service quality of banks”.
- H12** “There is no significant effect of interaction among age, gender and income on tangibility expectancy disconfirmation of service quality of banks”.
- H13** “There is no significant effect of interaction among age, occupation and income on tangibility expectancy disconfirmation of service quality of banks”.
- H14** “There is no significant effect of interaction among gender, occupation and income on tangibility expectancy disconfirmation of service quality of banks”.

Research Methodology:

The Study: The present study is an exploratory in nature and is based on secondary data.

The Sample: A stratified random sampling technique was used for the present study. A sample of 300 respondents was selected the help of stratified random sampling method with the following composition.

- Public Bank Customers - 150
- Private Bank Customers - 150

Tools for Data Collection: Both primary and secondary data were used for the study. The data collected with the help of SERVQUAL has been analyzed using correlation, F Test and ANOVA. SPSS was used for data analysis.

Tools for Data Analysis: Data were analyzed using one way ANOVA.

The Universe: In the present study the universe included all the customers of various banks such as State Bank of India, State Bank of Indore, Bank of Baroda, Union Bank, ICICI Bank, HDFC Bank, Axis Bank etc residing in Indore.

Results and Discussion: The results are given in the following table.

Table No. 1
Dependent Variable:
Tangibility Expectancy Disconfirmation

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Age	116.352	1	116.352	1.318	.252
Gender	17.797	1	17.797	.202	.654
Occup	188.592	1	188.592	2.137	.145
Income	321.925	2	160.962	1.824	.163
Age*Gender	2.275	1	2.275	.026	.873
Age*Occupation	165.910	1	165.910	1.838	.176
Age*Income	6.621	1	6.621	.075	.784
Gender*Occupation	52.268	1	52.268	.592	.442
Gender*Income	330.768	2	165.384	1.874	.155
Occup*Income	25.954	1	25.954	.294	.588
Age*Gender*Occup	129.021	1	129.021	1.462	.233
Age*Gender*Income	6.780E-5	1	6.780E-5	.000	.999
Age*Occup*Income	114.792	2	57.396	.650	.527
Gender*Occup*Income	.260	1	.260	.003	.957
Error	25950.165	294	88.266		

From the table no.1, we can observe that “F” value for age is 1.318 which is not significant. It means that there is no significant difference between different age groups with respect to tangibility expectancy disconfirmation of service quality of banks. In the light of this, the null hypothesis, namely “There will be no significant effect of age on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore, it may be concluded that customers of different age groups do not differ significantly from each other with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no.1, this can be observed that “F” value for gender is .202, which is not significant. It means that there is no significant difference between male and female customers with respect to tangibility expectancy disconfirmation of service quality of banks. In the light of this, the null hypothesis, namely “There will be no significant effect of gender on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore, it may be concluded that male and female customers do not differ significantly from each other with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no. 1 it can be observed that “F” value for occupation is 2.137, which is not significant. It means that there is no significant difference between business class and service class customers with respect to tangibility expectancy disconfirmation of service quality of banks. In the light of this, the null hypothesis namely “There will be no significant effect of occupation on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore, it may be concluded that there is no significant difference between business class and service class customers with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no. 1, this can be observed that “F” Value for income is 1.824, which is significant at .05 levels, with degree of freedom 1/294. It means that there is significant difference among lower income group, middle-income income group and higher income group customers with respect to tangibility expectancy disconfirmation of service quality of banks. In the light of this, the null hypothesis namely “There will be no significant effect of income on tangibility expectancy disconfirmation of service quality of banks” is rejected. Therefore, it may be concluded that income produced significant effect on tangibility expectancy disconfirmation of service quality of banks.

From the table no.1, this can be observed that “F” value for interaction between age and gender is .026, which is not significant. It means there is no significant effect of interaction between age and gender on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction between age and gender on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that age and gender are independent of each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no.1, this can be observed that “F” value for interaction between age and occupation is 1.838, which is not significant. It means there is no significant effect of interaction between age and occupation on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction between age and occupation on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that age and occupation are independent of each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no.1, this can be observed that “F” value for interaction between age and income is .075, which is not significant. It means there is no significant effect of interaction between age and income on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction between age and income on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that age and income are independent from each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no. 1, this can be observed that “F” value for interaction between gender and occupation is .592, which is not significant. It means there is no significant effect of interaction between gender and occupation on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction between gender and occupation on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that gender and occupation are independent from each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no.1, this can be observed that “F” value for interaction between gender and income is 1.874, which is not significant. It means there is no significant effect of interaction between gender and income on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction between gender and income on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that gender and income are independent from each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no.1, this can be observed that “F” value for interaction between occupation and income is .294, which is not significant. It means there is no significant effect of interaction between occupation and income on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction between occupation and income on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that gender and income are independent from each other and their interaction does not produce significant effect with

respect to tangibility expectancy disconfirmation of service quality of banks.

From the table no.1, this can be observed that “F” value for interaction among age, gender and occupation is 1.462, which is not significant. It means there is no significant effect of interaction among age, gender and occupation on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction among age, gender and occupation on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that age, gender and occupation are independent of each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality.

From the table no.1, this can be observed that “F” value for interaction among age, gender and income is .000, which is not significant. It means there is no significant effect of interaction among age, gender and income on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction among age, gender and income on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that age, gender and income are independent of each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality.

From the table no.1, this can be observed that “F” value for interaction among age, occupation and income is .650, which is not significant. It means there is no significant effect of interaction among age, occupation and income on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction among age, occupation and income on tangibility expectancy disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that age, occupation and income are independent of each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality.

From the table no.1, this can be observed that “F” value for interaction among gender, occupation and income is .003, which is not significant. It means there is no significant effect of interaction among gender, occupation and income on tangibility expectancy disconfirmation of service quality of banks. In the light of this the null hypothesis namely “There will be no significant effect of interaction among gender, occupation and income on tangibility expectancy

disconfirmation of service quality of banks” is not rejected. Therefore it may be concluded that gender, occupation and income are independent of each other and their interaction does not produce significant effect with respect to tangibility expectancy disconfirmation of service quality.

Conclusion: According to the present research different demographic factors have different effect on the tangibility aspect of service quality. Findings suggest that it would be more effective for banks to identify and formulate specific strategy for different customer segments instead of a single marketing strategy encompassing all.

This would be possible when the banks ensure that they are evaluating all dimensions and aspects of their specific service, for a particular customer segment instead of a generalized measurement.

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