

Review of performance of Bank Saderat of Guilan on components of service quality scale

Mohammadreza sheikholeslami, Odinaev furkat farkhodovich

Financial economics faculty department of financial management Candidate of economics science,
Dushanbeh, Tajikistan
sheikholeslami@gmx.com

Abstract: One of the most important issues in today's competitive world for economic activists and service institutions, especially banks is to attract customer's satisfaction. Customer satisfaction is one of the essential factors in creating and maintaining successful long-term relations between suppliers of financial services and customers. Understanding the factors affecting the increase in customer satisfaction is of particular importance for banks. Customer satisfaction for the successful marketing is a decisive factor meaning the degree of proportionality between customer expectation about a service and actual performance of that service. "Institutions that acquire their customers are those that do their duty well. They know that being committed to attract customer satisfaction should be supported through a complete understanding of customer, competition, market, and the ability to create environments which need change and responding appropriately to these environments," says an expert in this field. Banks that they can keep their customers satisfied can also convert them into loyal customers. This paper aims to identify the factors affecting customer satisfaction and ranking them based on their importance for customers of Bank Saderat of Guilan.

[Mohammadreza sheikholeslami, Odinaev furkat farkhodovich. **Review of performance of Bank Saderat of Guilan on components of service quality scale.** *Life Sci J* 2012;9(3):2018-2022]. (ISSN: 1097-8135). <http://www.lifesciencesite.com>. 291

Keywords: Satisfaction; Expectations; Performance; Quality of services

1. Introduction

With a deep looking into banks and financial institutions, it can be obviously said that customer is the capital and philosophy of existence of these institutions. In order to play their role as an economic leverage in society, banks need to attract customer satisfaction and their activities must be based on providing desirable services and satisfying the customers. Given the importance of customers in banks and financial institutions, competition for attracting more customers has become an important part of Bank management. In such circumstances, the objective of organizations is to provide services that are better in one or more dimensions compared with other competitors in order to attract customers and make them willing to pay good prices for each product (Ruth N. Bolton and James H. Drew.1991).

1.1. Customer satisfaction:

Although customer satisfaction and service quality have some commonalities, satisfaction has generally a broader satisfaction than service quality, because quality is focused on services. From this perspective, service quality is considered part of satisfaction. The relationship between these two factors is shown in the figure 1.

As the chart suggests, service quality indicates common perceptions of the five dimensions of services, while satisfaction is a broader concept and includes service quality, product quality, price,

individual factors, and situational factors Nitin Seth, S.G. Deshmukh, Prem Vrat, (2005)).

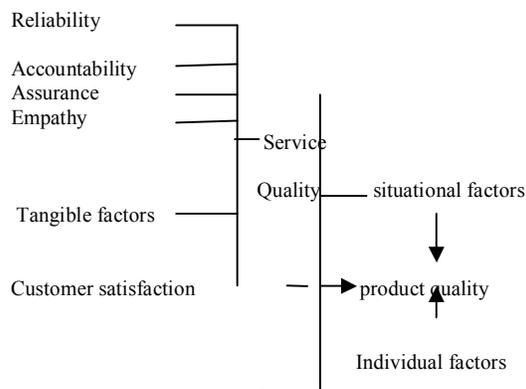


Figure 1: relationship between customer satisfaction and service quality

2.1. Advantages of customer satisfaction:

The presence of satisfied customers has many strategic advantages, especially in the financial services market (Estelami, Financial Services Marketing, page 234). Although any successful marketer is willing to provide the services that make the customers satisfied, this is not the only objective. Companies cannot ignore the other main objectives of trade such as achieving competitive profit and creating interests. Research results have shown that satisfied customers are less sensitive to prices than

dissatisfied. Customer satisfaction provides many benefits for companies and higher levels of customer satisfaction leads to greater customer loyalty.

It is not surprising that attracting the satisfaction of customers, due to its direct relationship with customer retention, market share and profit, has occupied the mind of managers (Vikas Mittal; Carly Frennea (2010)

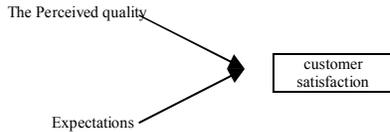


Figure2: Formation of customer satisfaction model

3.1. Service quality scale:

Quality service scale has been derived from the conceptual model presented by Parasoraman and his colleagues in 1995. In this model, service quality is the resultant of comparison of expectations and perceptions of customers.

(Revised) Quintet	(1985) Basic dimensions
Tangible factors -1	Tangible factors-1
Accountability -2	Reliability-2
Accountability -3	Accountability-3
	assurance -4
	Competency -5
	communications-6
	Humility-7
	security-8
	Availability-9
	Understanding of customer-10

Figure 3: A summary of service quality scale proposed by Parasoraman and his colleagues

This scale was revised in 1991 and the revised version is consisted of three parts. The first and second parts include 22 questions apiece (5 dimensions) to assess customers' expectations and perceptions. The respondents are asked to express their ideas about this that what are their expectations of services and how they understand the services on a scale of 7 pieces from completely too completely disagree (The following chart). Finally, according to the difference between expectations and experiences of the respondents (performance), overall quality score of 22 above characteristics can be calculated. In the third part, the respondents are asked to determine the significance of each of the dimensions. Service quality scale is a tool to measure how the customers understand the quality of services. This model acts based on 5 dimensions (Tangible factors, reliability, accountability, assurance, and empathy) and a comparison between customer expectations of how services should be provided and their experience of how the services are provided.

Although service quality scale is widely used, it has been subjected to many criticisms. Many

researchers such as Cronin & Taylor, Tiss, and Sterandvik & Jander state that measurement of perceptions merely cannot make for a better presentation of service quality. Additionally, both experience and performance should be taken into account. Hence, the usage service quality scale is not restricted to available services. However, one of the advantages of this tool is that its reliability and validity have been confirmed in a wide range of fields such as banks, hospitals, stores, etc. Although some revisions should be done in this tool to be used in some services, service quality scale is still considered the best choice for cross-sectional studies and modeling in industry (Zeithaml, Valarie A *et al*, 1999).

Parasoraman *et al* emphasized in their studies that service quality scale is a reliable valid scale service quality. They also stated that this tool is applicable in a wide range of service fields such as financial institutions, hotels, etc some of its components need to be revised or some components are needed to be added to it.

Completely agree					Completely disagree		Option (expectations)
1	2	3	4	5	6	7	A good bank has modern equipment
Completely agree					Completely disagree		Option (performance)
1	2	3	4	5	6	7	The bank A has modern equipment

Figure4: Quality scale chart

Although service quality scale is widely used, it has been subjected to many criticisms. Many researchers such as Cronin & Taylor, Tiss, and Sterandvik & Jander state that measurement of perceptions merely cannot make for a better presentation of service quality. Additionally, both experience and performance should be taken into account. Hence, the usage service quality scale is not restricted to available services. However, one of the advantages of this tool is that its reliability and validity have been confirmed in a wide range of fields such as banks, hospitals, stores, etc. Although some revisions should be done in this tool to be used in some services, service quality scale is still considered the best choice for cross-sectional studies and modeling in industry (Zeithaml, Valarie A *et al*, 1999). Parasoraman *et al* emphasized in their studies that service quality scale is a reliable valid scale service quality. They also stated that this tool is applicable in a wide range of service fields such as financial institutions, hotels, etc some of its components need to be revised or some components are needed to be added to it.

4.1. Parasoraman model:

Although previous efforts have a significant share in dividing service quality into process quality and output quality, these efforts in order to identify

factors determining the quality of services have been superficial.

5.1. Components of service quality scale:

This scale contains 5 dimensions including tangible factors, reliability, accountability, assurance, and empathy. Each of these dimensions has several components that is measured by a 7 rating scale (and occasionally 5 or 9 rating) from completely agree to completely disagree. Totally, these 5 dimensions have 22 components as follows:

1.5.1. Tangible factors:

- 1- New and advanced equipment
- 2- Employees with a neat appearance
- 3- Considerable physical facilities
- 4- Regular and ordered papers

2.5.1. Reliability:

- 5- Fulfillment of promises before the deadline
- 6- Showing the sincere willing to resolve the problems of customers
- 7- Exercising reforms in appropriate time
- 8- Providing services in fulfilled time
- 9- Providing correct reports

3.5.1. Accountability:

- 10- Employees inform the customers of the services they offer
- 11- Employees offer the services to customers in the shortest possible time
- 12- Employees are always willing to help customers
- 13- Employees are always ready to answer customers' questions

4.5.1. Assurance:

- 14- Employees' behaviors gradually create a feeling of trust in customers
- 15- Employees feel secure in their interactions with the organization
- 16- Employees always treat the customers politely
- 17- Employees have enough knowledge to answer the questions of customers

5.5.1. Empathy:

- 18- Individual attention to customers
- 19- Appropriate working hours for all customers
- 20- Employees pay a special attention to customers
- 21- Employees wish the best interests for the customers
- 22- Employees understand the special needs of customers

2. Material and Methods

100 customers of Bank Saderat of Guilan were randomly selected to fill the prepared questionnaire. Collected data were analyzed by SPSS software and relevant figures and tables were plotted

using Excel software. According to this questionnaire, customer satisfaction was measured by 22 questions and the results are as follows. Firstly, customers' expectations were measured and then the performance perceived by customers was identified and measured. In the next stage, the importance of these factors from the view of customers was determined and then the importance of these factors from the view of employees was studied. Finally, the difference between the views of customers and employees was reviewed and analyzed.

3. Results

Table 1: Customers' Expectations of services provided by a good bank

Row	Index	7	6	5	4	3	2	1	Expectations
1	Beautiful and modern appearance outside and inside the bank branch	20	27	25	8	21	5	3	78.71
2	Clean and decent appearance of bank staff	16	31	71	11	12	7	6	75.09
3	Physical facilities within the bank branch	15	30	18	12	15	7	3	75.42
4	Regular documents and paper of bank branch	38	25	16	11	5	5	0	86.85
5	Announcement of the exact time the bank offers a special service	20	31	18	13	11	5	2	79.33
6	Willingness to help and guide customers by branch staff	20	30	21	19	10	0	0	82
7	Exercising reforms in the shortest time	16	40	30	9	5	0	0	85.14
8	Providing services by the bank at the promised time	26	28	18	16	8	3	1	82.37
9	Accuracy of bank services	45	35	15	5	0	0	0	94.71
10	Clear and honest speech of staff	10	40	25	14	9	2	0	80.71
11	Employees provide immediate services to customers	35	25	17	11	9	3	0	85.71
12	The staff are always willing to help customers	15	35	29	10	8	3	0	81.86
13	The staff are always ready to respond to customers	30	29	17	15	6	2	1	85
14	Employee's behavior creates a feeling of confidence in customers	22	30	20	10	10	6	2	83
15	Customers can feel secure in their interactions with the bank	11	53	19	12	5	0	0	85.14
16	Employees always treat customers with courtesy and respect	31	45	15	5	2	2	0	90.13
17	Bank employees have sufficient knowledge to respond and help customers	27	31	20	11	10	1	0	84.85
18	There is an individual attention to customers in the branch	21	34	15	19	5	5	1	81.57
19	Appropriate working hours for customers	9	32	25	16	11	7	2	76.56
20	Bank offers special services with regard to customers' position	14	39	24	12	7	2	2	81.42
21	Bank considers your interests	25	33	23	14	5	0	0	86
22	Employees understand the specific needs of customers	31	30	15	15	9	2	0	86.69

Table 2: Performance perceived by customers of the services provided by branches of Bank Saderat of Guilan

Row	Index	7	6	5	4	3	2	1	performance
1	Beautiful and modern appearance outside and inside the bank branch	11	35	30	19	5	0	0	81.57
2	Clean and decent appearance of bank staff	8	35	33	17	17	0	0	85.34
3	Physical facilities within the bank branch	8	31	28	19	11	3	0	76.52
4	Regular documents and paper of bank branch	27	33	20	5	11	3	1	83.38
5	Announcement of the exact time the bank offers a special service	3	30	30	14	12	8	3	72.14
6	Willingness to help and guide customers by branch staff	31	35	14	11	8	1	0	87.14
7	Exercising reforms in the shortest time	24	40	23	10	1	1	1	87.43
8	Providing services by the bank at the promised time	14	29	32	12	6	5	2	79
9	Accuracy of bank services	43	40	11	4	2	0	0	95.49
10	Clear and honest speech of staff	21	37	24	9	5	2	2	84.14
11	Employees provide immediate services to customers	18	25	21	11	11	8	6	74.71
12	The staff are always willing to help customers	20	41	17	11	11	0	0	84.42
13	The staff are always ready to respond to customers	28	33	18	14	5	2	0	86
14	Employee's behavior creates a feeling of confidence in customers	20	41	21	10	8	0	0	85.42
15	Customers can feel secure in their interactions with the bank	10	58	21	9	2	0	0	86.85
16	Employees always treat customers with courtesy and respect	30	48	14	5	1	1	1	91
17	Bank employees have sufficient knowledge to respond and help customers	28	36	20	11	5	0	0	87.71
18	There is an individual attention to customers in the branch	27	33	20	5	11	3	1	83.38
19	Appropriate working hours for customers	16	29	20	16	11	6	2	77.14
20	Bank offers special services with regard to customers' position	15	30	20	20	7	4	4	77.28
21	Bank considers your interests	22	30	29	14	3	1	1	84.28
22	Employees understand the specific needs of customers	33	33	17	10	5	2	0	87.71

Table 3: Customer expectations and bank performance and the degree of importance from the view of customers and bank clerk

Row	Index	expectations	performance	Importance from the view of customers	Importance from the view of staff
1	Beautiful and modern appearance outside and inside the bank branch	78.71	81.57	77.21	88.13
2	Clean and decent appearance of bank staff	75.09	85.34	80.16	85
3	Physical facilities within the bank branch	75.42	76.52	78.33	82.56
4	Regular documents and paper of bank branch	86.85	83.38	80.87	81.42
5	Announcement of the exact time the bank offers a special service	79.33	72.14	78.78	81.71
6	Willingness to help and guide customers by branch staff	82	87.14	81.86	79
7	Exercising reforms in the shortest time	85.14	87.43	84.14	83.27
8	Providing services by the bank at the promised time	82.37	79	81.65	80.78
9	Accuracy of bank services	94.71	95.49	94.21	96.33
10	Clear and honest speech of staff	80.71	84.14	81.50	81.76
11	Employees provide immediate services to customers	85.71	74.71	91.33	95.34
12	The staff are always willing to help customers	81.86	84.42	81.86	79.11
13	The staff are always ready to respond to customers	85	86	84.81	80.26
14	Employee's behavior creates a feeling of confidence in customers	83	85.42	82.07	82.68
15	Customers can feel secure in their interactions with the bank	85.14	86.85	84	87.37
16	Employees always treat customers with courtesy and respect	90.13	91	91	98.88
17	Bank employees have sufficient knowledge to respond and help customers	84.85	87.71	85.13	88
18	There is an individual attention to customers in the branch	81.57	83.38	82.13	81.42
19	Appropriate working hours for customers	76.56	77.14	78.54	77.14
20	Bank offers special services with regard to customers' position	81.42	77.28	85.39	76.14
21	Bank considers your interests	86	84.28	87.44	90.12
22	Employees understand the specific needs of customers	86.69	87.71	88.11	81.57

4. Discussions

One of the easiest ways to assess customer satisfaction is the estimation of customer expectations. So, the difference between customers' expectations and bank performance will be firstly analyzed at each components of service quality scale

1- Tangible factors: Among questions 1 to 4 relating to this section, bank performance was better than customer expectations in questions 1 to 3 and only in question 4 the customer expectations were more than bank performance.

2- Reliability: Bank performance was better than customer expectations in questions 6 and 7, while customer expectations were more than bank performance in questions 5 and 8.

3- Accountability: In question 11, customer expectations were more than bank performance and bank performance was better than customer expectations in other questions.

4- Bank performance was also better than customer expectations in questions 14 to 17.

5- Empathy: In questions 19 and 22, bank performance was in a good condition, but customer expectations were more than bank performance in questions 20 and 21.

Altogether, it can be observed that bank performance was not in an acceptable condition in questions 4, 5, 8, 11, 20, and 21. It is noteworthy to say that time is a common factor in questions 5, 8, and 11.

Then, the highest expectations of customer were identified and compared with bank performance:

Accuracy of bank services (performance > expectations)

Employees always treat customers with courtesy and respect (performance > expectations)

1.4. Regular documents and paper of bank branch (performance < expectations)

The highest importance from the view of customers is as follows:

Accuracy of bank services (94.21%)

Employees always treat customers with courtesy and respect (91.33%)

Employees always offer immediate services to customers (91%)

The highest importance from the view of employees is as follows:

Employees always treat customers with courtesy and respect (98.88%)

Accuracy of bank services (96.33%)

Employees always offer immediate services to customers (95.34%)

It can be found with a simple review that two factors of accuracy and respect for customer, which are the most important factors from the view of customers and also include the highest expectations of customers from a successful bank, are regarded by bank clerks and good understanding of employees of the importance of this issue has led to an acceptable performance of banks. Despite the

importance of service speed from the view of customers and employees, we still observe that the performance of bank is less than what expected. Although the customers believed that beautiful and modern appearance outside and inside the bank branch and physical facilities within the bank branch are less important compared with other factors, banks are still spending enormous costs on these things.

With an in-depth look at the data of the present study we find that Bank Saderat of Guilan, instead of spending budget on above-mentioned items and other less important factors from the view of customers, should exercise reforms in the process of providing services and in addition to increase the speed of service providing and reforming other factors related to service time, provide special services due to the specific requirements of customers. "You can choose any color you want as long as it is black"; this ridiculous look of Ford to customer satisfaction has no position in today's competitive world. Nowadays, profitability of companies and service and manufacturing institutions has a direct relationship with customer satisfaction. Hence, considering the interests of customers and attracting their satisfaction should be the top priority of banks.

Acknowledgements:

Authors are grateful to the Financial economics faculty department of financial management Candidate of economics science, Tajikistan for support to carry out this work.

Corresponding Author:

Mohammadreza sheikholeslami

E-mail: sheikholeslami@gmx.com

References

1. Nitin Seth, S.G. Deshmukh, Prem Vrat, (2005) "Service quality models: a review", *International Journal of Quality & Reliability Management*, Vol. 22 Iss: 9, pp.913 - 949.
2. Ruth N. Bolton and James H. Drew.1991. A Multistage Model of Customers' Assessments of Service Quality and Value. *Journal of Consumer Research* Vol. 17, No. 4, pp. 375-384.
3. Vikas Mittal; Carly Frennea (2010). "Customer Satisfaction: A Strategic Review and Guidelines for Managers." *Marketing Science Institute: MSI Fast Forward* (10-701).
4. Zeithaml, Valarie A., Leonard L. Berry and A. Parasuraman. 1999. The Behavioral Consequences of Service Quality. *Journal of Marketing* Vol. 60, No. 2 (Apr., 1996), pp. 31-46.

8/15/2012