

A Study on Linkage between Customer Expectation, Service Quality Perception, Customer Satisfaction and Related Behavioral Intentions in Banking Context

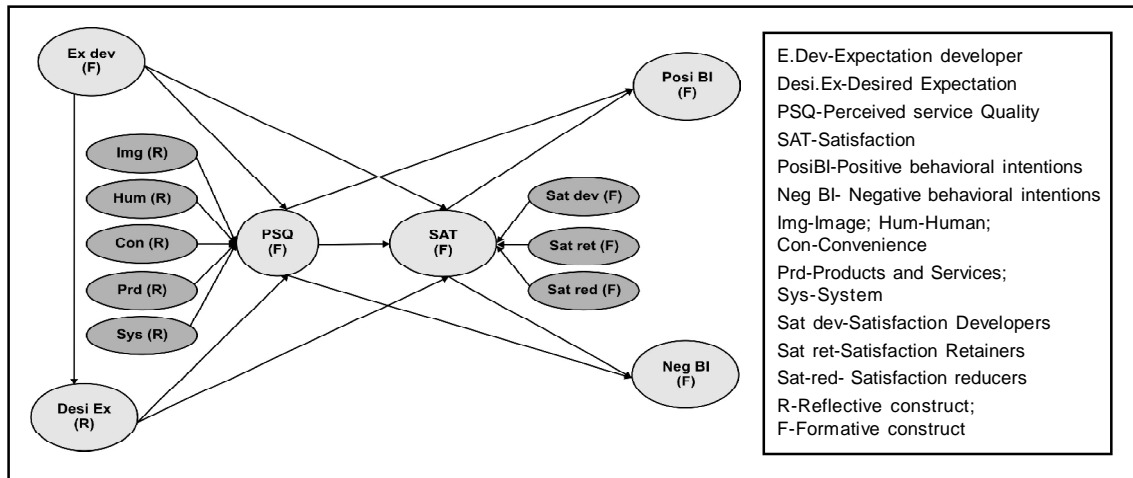
* Dr. G. Rejikumar

DISSERTATION ABSTRACT

Even though, Indian banking sector has performed extremely well over the last few years and has shown substantial resilience during the global financial crisis, the emerging trends in the banking sector offered scope for a fresh study on service quality perceptions of customers. The most popular method to measure service quality was to obtain responses of the customers, with regard to certain determinants or dimensions, considered relevant to capture the domain of service quality. The necessity to develop a more country –context specific measure of service quality to develop strategies aimed at quality improvement and customer satisfaction in the national context, justified the scope of the study. The objectives of the study were

- To Understand the structure of Perceived Service Quality and to develop a valid scale for its measurement
- To Identify the underlying key dimensions of banking service quality as perceived by customers
- To examine the linkage of perceived service quality with other variables such as Customer expectations, Customer satisfaction and behavioral intentions in banking context

The theoretical model hypothesizing the relation between above mentioned variables is illustrated in figure below was estimated to identify the linkages among variables. All paths between latent variables were assumed as hypotheses to be tested in the study.



* Director, Department of Management, Naipunnya Institute of Management and Information, Kerala. rejjekm@rediffmail.com

The measurement of all the constructs used in the study, were on the strength of the theory by using suitable indicators of reflective /formative nature. A cross sectional study in which responses from randomly selected 385 banking customers, from the population of all banking customers from Cochin, Kerala state was collected using a content/face validated structured questionnaire. The Questionnaire contained questions related to critical constructs of importance in the study.

A two stage approach was adopted to analyze the data after screening the data for missing values, outliers, normality etc. The first attempt was to identify factor structure of service quality construct using exploratory factor analysis of 28 indicators used for measurement which was later subjected to confirmatory factor analysis. Secondly, the structural model with all the constructs which were measured either as reflective or formative was estimated using WarpPLS 2.0. The significant paths in the model are utilized for drawing various conclusions in the study.

The research identified major dimensions contributing to service quality in Kerala banking context as Image, Human, Convenience, Products and Services and System. The

structural model for Service quality construct was found to have 21 indicators belonging to above five distinct dimensions based on goodness of fit criteria. The study supported the conceptualization of service quality construct as a multidimensional second order formative construct with five first order Reflective dimensions and "customer satisfaction" as a multidimensional second order formative construct with three first order formative constructs. The study identified significant linkage among most of the variables considered in the study except between desired expectations and service quality perceptions of the customer and between perceived service quality and negative behavioral intentions of the customer. The study concluded that to enhance positive behavioral intentions the final word is customer satisfaction and improvements in service quality are positive steps in that direction.

The study offered significant inputs for the managers to understand the nature of the service quality construct and the "art" of service quality measurement. This knowledge will empower them to creatively handle the issues and to take strategic or innovative decisions related to service quality or service excellence. The study reminded that, even in contemporary context that offers ample scope for automated service delivery, Human element is critical.