



Empathy in SERVQUAL among Banks: A Study of Kurnool District in Andhra Pradesh

Dr. G. Rama Krishna,

Assistant Professor in Management, Rayalaseema University, Kurnool

Mrs. K. Asha Jyothi

Research Scholar in Management, Rayalaseema University, Kurnool

Abstract: Banking industry is realizing the significance of customer-centered philosophies and is turning to quality management approaches to help managing their businesses. This paper has started with the concept of service quality and has demonstrated the model of service quality gaps. SERVQUAL as an effective approach has been studied and its role in the analysis of the difference between customer expectations and perceptions has been highlighted with support of a banking example. Outcomes of the study outline the fact that although SERVQUAL could close one of the important service quality gaps associated with external customer services, it could be extended to close other major gaps. This study is aimed to study the empathy in SERVQUAL among banks in backward region of the state of Andhra Pradesh i.e. in Kurnool District of Rayalaseema Region.

Key words: Banks, SERVQUAL, Empathy, Bank SERVQUAL, Bank Empathy

Introduction:

Banking industry is realizing the significance of customer-centered philosophies and is turning to quality management approaches to help managing their businesses. This paper has started with the concept of service quality and has demonstrated the model of service quality gaps. SERVQUAL as an effective approach has been studied and its role in the analysis of the difference between customer expectations and perceptions has been highlighted with support of a banking example. Outcomes of the study outline the fact that although SERVQUAL could close one of the important service quality gaps associated with external customer services, it could be extended to close other major gaps.

SERVQUAL METHODOLOGY:

Clearly, from a Best Value perspective the measurement of service quality in the

service sector should take into account customer expectations of service as well as perceptions of service. However, as Robinson (1999) concludes: "It is apparent that there is little consensus of opinion and much disagreement about how to measure service quality". One service quality measurement model that has been extensively applied is the SERVQUAL model developed by Parasuraman et al. (1985, 1986, 1988, 1991, 1993, 1994; Zeithaml et al., 1990). SERVQUAL as the most often used approach for measuring service quality has been to compare customers' expectations before a service encounter and their perceptions of the actual service delivered (Gronroos, 1982; Lewis and Booms, 1983; Parasuraman et al., 1985). The SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality. It has five generic dimensions or factors and are stated as follows (van Iwaarden et al., 2003):



- | | |
|---|---|
| <p>(1) Tangibility: Physical facilities, equipment and appearance of personnel.</p> <p>(2) Reliability: Ability to perform the promised service dependably and accurately.</p> <p>(3) Responsiveness: Willingness to help customers and provide prompt service.</p> <p>(4) Assurance (including competence,</p> | <p>courtesy, credibility and security): Knowledge and courtesy of employees and their ability to inspire trust and confidence.</p> <p>(5) Empathy (including access, communication, understanding the customer): Caring and individualized attention that the firm provides to its customers.</p> |
|---|---|

Table No. 1: Details of Empathy in SERVQUAL

EMPATHY		
1	The bank gives you individual attention	
2	The bank has operating hours convenient to all its customers	
3	The bank has employees who give you personal attention	
4	The bank has your best interests at heart	
5	The employees of the bank understand your specific needs	

Empathy has become more important for customer attraction and customer retention for any bank now a days. It is at this juncture a study has been initiated to study the empathy in SERVQUAL among banks in backward region of the state of Andhra Pradesh i.e. in Kurnool District of Rayalaseema Region.

Review of Literature:

A literature review is an account of what has been published on a topic by qualified scholars and researchers. It is a text written by somebody to consider the vital points of current knowledge including supportive findings, as well as theoretical and methodological hand-outs to a particular topic. In this chapter the researcher has reviewed number of articles related to the customer service, SERVQUAL in banking sector. The reviews under this chapter not only concentrated one demographic area, but covered to determine the previous views of researchers on customer service, SERVQUAL in banking sector
G. Rama Krishna and K. Venu Gopal Rao,

conducted a study on “Quality of customer service in Public sector banks and has related banks performance with that of customer satisfaction level” 80 G. Rama Krishna and K. Venu Gopal Rao, conducted a study on “Performance of Public sector banks after reforms by considering Assets, Deposits, Advances, NPAs, Profits etc.”

1Srivastava, A.K.2, has undertaken research in the city of Chandigarh on "Customer service in banks need for marketing approach". The study was based on following objectives:
a. Examine the extent of satisfaction or dissatisfaction with customer services given by banker.
b. Identify critical areas as to where customer dissatisfaction was very high.
c. Suggest remedial measures.

The author identified two sets of problems in marketing of bank services which were classified into (a) behavioral problems, (b) procedural problems. The study was restricted to only two aspects of bank



marketing. The other important aspects like product, promotion, prices were neglected by the researcher.

Sharma, R.D.3, in his research paper "A multiple item scale for measuring marketing effectiveness in American Consumer banking through customer judgment", has presented the development of 33 item scale called MKTEFFECT for obtaining customer judgment on the efficiency of marketing efforts in American consumer banking. MKTEFFECT measures how good bankers have achieved their business goal effectively by positioning and monitoring their marketing mix consistently.

Yang and Fang⁴ Service quality is a significant instrument to measure customer satisfaction. There is a close relationship between customer satisfaction and service quality. Customer satisfaction can be given by providing quality of products and services to customers. And for accessing customer satisfaction SERVQUAL mode¹ is used to know the different services provided by banks and customer perceptions about the services. This tool is used to overcome problems with related to customer satisfaction and quality of services offered to customers.

Wong, A. and Sohal, A. ⁵ discussed about customer satisfaction as often recognized as the future expectations of banks in terms of its profitability and market share, a satisfied customer always shares his or her experiences to others like a word-of-mouth advertising thereby creating to increase more new customers to bank. This is possible only when the banks give quality services with ease. Whereas on the other hand dissatisfied customer gives negative feedback about the bank to outsiders where the image of the bank will get spoiled thereby losing an opportunity to increase its market share and attract new customers. It is not only the customer satisfaction, the social relationship with customers is also equally important. Interacting with customers and their family increases the opportunity for bank; it is seen in foreign banks that passing

the wishes on birthdays and marriage anniversaries is a news strategy for banks to keep in touch with customers.

Laroche⁶ described banking industry is the one which creates a long-term relationship with its customers. The range of products and services it is providing like home equity, personal loans, home loans, Credit and debit cards, insurance, mutual funds, investment finance, project finance and many other products which can help a customer in getting an opportunity to enhance their personal as well as business banking needs.

Smith and Bolton⁷ Customer satisfaction is the main role in profitability of retail banking. This includes retention of customers for long term, by attracting new customers, etc. However, there are still satisfied and dissatisfied customers with banking services in the current circumstances, it may be the quality of services, timings of banks, interaction of a banker with customer etc. However, banks are providing online banking system and phone banking which works 24/7 and can communicate with a banker easily to know about any information related their accounts.

Anderson et al. ⁸ in his study described about customer satisfaction explained in a different way of convenience and accessibility that make easy for him to do the transactions of banking. On another side, it is the bank's ability to deliver these benefits on a regular basis to its customers that will have impact on customer satisfaction. Providing the best to customers is one strategy which banks have in their hands. It is the responsibility of everyone working in the bank to provide quality services, thereby which creates customer relationship stronger.

It is found that from the study done by Chaoprasert and Elsey⁹ that it incurs more cost for acquiring a new customer than maintain the existing customer. Customer satisfaction, customer relationship and quality services are their important aspects for banks to retain the customer for long run, and investments on these three elements



gives profitability and market share. Customer satisfaction and High-quality service frequently result in more recurrence purchases and market share. Customer satisfaction leads to customer loyalty and thereby leads to profitability and hence service quality is known as one of the basics of customer satisfaction.

Hossain and Leo¹⁰ discussed that banks understand that, if they provide greater value of services than their competitors in the market then, customer will be loyal and consequently and on other hand, if banks ignore about the satisfaction level of customers and concentrate on the profits that are getting better than its competitors can only earn high profits if they are able to position themselves better than competitor within a particular market. Accordingly, banks need to concentrate on service quality as an essential competitive strategy. The author defined service quality as a process consisting of series of intangible 'activities that takes place in one particular organization to reach its determined customer satisfaction about organization.

Statement of the Problem:

Review of previous research studies has revealed that some research gap is observed. It is at this juncture a study has been initiated to study the empathy in SERVQUAL among banks in backward region of the state of Andhra Pradesh i.e. in Kurnool District of Rayalaseema Region.

Need for the Study:

Kurnool District in Rayalaseema Region of Andhra Pradesh is the most backward region in the state. Less rainfall, unfertile lands, less industrialization etc. resulted in poverty and low standard of living. Savings and investments are very meager among the public of this region It is at this juncture a study has been initiated to study the empathy in SERVQUAL among banks in backward region of the state of Andhra Pradesh i.e. in Kurnool District of Rayalaseema Region.

Objectives of the Study:

The following are the objectives of the study

1. To study the existing literature and to find research gap.
2. To analyze the empathy in SERVQUAL of a bank.
3. To offer suitable suggestions for further development of banking industry.

Research Methodology:

Research is a scientific inquiry aimed at learning new facts, testing ideas, etc. It is the systematic collection, analysis and interpretation of data to generate new knowledge and answer a certain question or solve a problem. Kurnool District, the Gateway of Rayalaseema Region in Andhra Pradesh has been selected for the study. For administrative purposes, the Kurnool district is divided into three revenue divisions. The data collected for the study from the selected Three Revenue Divisions namely Kurnool, Nandyal, and Adoni. The data was collected by survey method with the help of structured questionnaire.



Table No. 2: Details of Sample Size

S.No.	Name of the Revenue Davison	Total
1.	Kurnool	150
2.	Nandyal	150
3.	Adoni	150
	Total	450

Source: Field Survey

Research Design:

The study was conducted in Kurnool District of Rayalaseema Region in Andhra Pradesh. The Research study describes the empathy in SERVQUAL among banks in backward region of the state of Andhra Pradesh i.e. in Kurnool District of Rayalaseema Region.

Sources of Data:

The study is based on both primary and secondary sources of data.

Primary Data and Secondary Data:

The primary data is obtained from the survey conducted in the Kurnool District of Rayalaseema Region in Andhra Pradesh with help of constructed questionnaire, which consists of open-end and close-end questions. The secondary data is obtained from the various previous research studies and articles, business magazines and other sources.

Sample Design:

Sample design is a definite plan to obtain a sample from a given population. It refers to the techniques or the procedures the researchers would adopt in selection items for the sample. An attempt was made to make the sample representative to the target market for products under study.

Sample Size and Sampling Technique:

150 questionnaires were distributed in each revenue division of Kurnool District accounting to sample size of 450. Only 432 sample elements were responded. Final resultant sample size is 432. Convenience sampling technique has been employed in the study.

Period of the Study:

The study has been undertaken from 2014 to 2019. The period of primary data collection is from January to December 2019.



Table No. 3: Details of Empathy in SERVQUAL: Bank gives individual attention to Customers

Bank gives individual attention to Customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	130	30.1	30.1	30.1
	Agree	160	37.0	37.0	67.1
	Neutral	125	28.9	28.9	96.1
	Disagree	17	3.9	3.9	100.0
	Total	432	100.0	100.0	

Source: Field Survey

INFERENCE:

It can be interpreted from the above table that, out of the total respondents 30.1% of the respondents have strongly agreed that bank gives individual attention to customers, 37.0% of the respondents have agreed that

bank gives individual attention to customers, 28.9% of the respondents have neutral opinion and 3.9% of the respondents have disagreed that bank gives individual attention to the customers

Table No. 4: Details of Empathy in SERVQUAL: Operating hours are convenient to Customers

Operating hours are convenient to Customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	137	31.7	31.7	31.7
	Agree	183	42.4	42.4	74.1
	Neutral	65	15.0	15.0	89.1
	Disagree	47	10.9	10.9	100.0
	Total	432	100.0	100.0	

Source: Field Survey

INFERENCE:

It can be observed from the above table that, out of the total respondents 31.7% of the respondents have strongly agreed that bank operating hours are convenient to customers, 42.4% of the respondents have

agreed that bank operating hours are convenient to customers, 15.0% of the respondents have neutral opinion and 10.9% of the respondents have disagreed that bank operating hours are convenient to customers



Table No. 5: Details of Empathy in SERVQUAL: Employees give personal attention to Customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	160	37.0	37.0	37.0
	Agree	160	37.0	37.0	74.1
	Neutral	65	15.0	15.0	89.1
	Disagree	17	3.9	3.9	93.1
	Strongly Disagree	30	6.9	6.9	100.0
	Total	432	100.0	100.0	

Source: Field Survey

INFERENCE:

It can be represented from the above table that, out of the total respondents 37.0% of the respondents have strongly agreed that employees give personal attention to customers, 37.0% of the respondents have agreed that employees give personal attention to customers, 15.0% of the respondents have neutral opinion, 3.9% of the respondents have disagreed that employees give personal attention to customers and 6.9% of the respondents have strongly disagreed that employees give personal attention to customers.

Table No. 6: Details of Empathy in SERVQUAL: Bank has best interest of Customers at heart

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	168	38.9	38.9	38.9
	Agree	150	34.7	34.7	73.6
	Neutral	62	14.4	14.4	88.0
	Disagree	21	4.9	4.9	92.8
	Strongly Disagree	31	7.2	7.2	100.0
	Total	432	100.0	100.0	

Source: Field Survey

INFERENCE:

It can be seen from the above table that, out of the total respondents 38.9% of the respondents have strongly agreed that bank has best interest of customers at heart, 34.7% of the respondents have agreed that bank has best interest of customers at heart, 14.4% of the respondents have neutral opinion, 4.9% of the respondents have disagreed that bank has best interest of customers



at heart and 7.2% of the respondents have strongly disagreed that bank has best interest of customers at heart.

Table No. 7: Details of Empathy in SERVQUAL: Employees of bank understand Customers specific needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	119	27.5	27.5	27.5
	Agree	183	42.4	42.4	69.9
	Neutral	72	16.7	16.7	86.6
	Disagree	54	12.5	12.5	99.1
	Strongly Disagree	4	.9	.9	100.0
	Total	432	100.0	100.0	

Source: Field Survey

INFERENCE:

It can be understood from the above table that, out of the total respondents 27.5% of the respondents have strongly agreed that employees of bank understands customers specific needs, 42.4% of the respondents have agreed that employees of bank understands customers specific needs, 16.7% of the respondents have neutral opinion, 12.5% of the respondents have disagreed that employees of bank understands customers specific needs and 0.9% of the respondents have strongly disagreed that employees of bank understands customers specific needs.

Conclusions:

1. It can be concluded that, major segment of 37.0% of the respondents have agreed that bank gives individual attention to customers and smallest segment of 3.9% of the respondents have disagreed that bank gives individual attention to the customers.
2. It can be concluded that, major segment of 42.4% of the

respondents have agreed that bank operating hours are convenient to customers and smallest segment of 10.9% of the respondents have disagreed that bank operating hours are convenient to customers.

3. It can be concluded that, major segments of 37.0% each of the respondents have strongly agreed and agreed that employees give personal attention to customers and smallest segment of 3.9% of the respondents have disagreed that employees give personal attention to customers.
4. It can be concluded that, major segment of 38.9% of the respondents have strongly agreed that bank has best interest of customers at heart and smallest segment of 4.9% of the respondents have disagreed that bank has best interest of customers at heart.
5. It can be concluded that, major segment of 42.4% of the respondents have agreed that employees of bank understand customers specific needs and smallest segment of 0.9% of the



respondents have strongly disagreed that employees of bank understand customers specific needs.

Suggestions:

- Empathy is an important component of SERVQUAL. Banks should focus on customer service by maintaining empathy with them.
- Banks should take measures to enhance the service quality there by achieving customer retention leading to customer satisfaction.
- There is a need to explain the importance of empathy in SERVQUAL to the employees of the bank.

References:

1. G. Rama Krishna and K. Venu Gopal Rao, "Performance of Public Sector Banks after Reforms", Serials Publications, New Delhi, 2007.
2. Srivastava A.K., "Customer service in bank need for marketing approach, Relevance of bank marketing, Ed. Madhukar, R.K. UBS Publishers.
3. Sharma R.D., "MKTEFFECT, A multiple item scale for measuring marketing effectiveness in American consumer banking through customer judgement, VIKALPA, Vol. 21, Jan-Mar 1996.
4. Yang, Z. and Fang. X., "Online Service Quality Dimensions and Their Relationships with Satisfaction: A Content Analysis of Customer Reviews of Securities Brokerage Services". International Journal of Service Industry Management, Volume 15. Issue 3, 2004.
5. Wong, A. and Sohal. A, "Service quality and customer loyalty perspectives on two levels of retail relationships". Journal of Services Marketing, Vol. 17 No. 5, 2003.
6. Laroche, M. and Taylor. T, An Empirical Study of Major Segmentation Issues in Retail Banking. International Journal of Bank Marketing, 6(1), 1998.
7. Smith, A.K. and Bolton, R.N, "An experimental investigation of customer reactions to service failure and recovery encounters", Journal of Service Research, Vol. I No. 3. 1998.
8. Anderson, .1. C. and .1. A. Narus, A Model of Distributor Kirm and Manufacturing Firm Working Relationships, Journal of Marketing, Vol 54 (I), 1990.
9. Chaoprasert, C. and filsey. B, "Service quality improvement in Thai retail banking and its management implications", ABAC Journal, Vol. 24 No. 1., 2004.
10. Mohammed Hossain, Shirley Leo, "Customer perception on service quality in retail banking in Middle East: the case of Qatar". International Journal of Islamic and Middle Eastern Finance and Management, Vol. 2 Iss: 4, 2009.