MANAGEMENT OF CUSTOMERS' VIEWS AND ANTICIPATIONS OF SERVICE DELIVERY IN SELECTED BANKS IN ANDHRA PRADESH

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Abstract

Today, meeting customers' anticipations are the major challenges facing by the employees of banking services in India. This is why improvement of quality of service delivery is a vital concern for banking services. Quality of service delivery is increasingly being seen as a key strategic differentiator within the financial services sector, with most major players undertaking some form of quality initiative. Thus, the present study focuses on customer views and anticipations of service delivery in selected public, private and foreign banks in Andhra Pradesh. The study conducted among six banks of Andhra Pradesh, viz., State Bank of India (SBI) and Punjab National Bank (PNB) in public sector banks being the largest and oldest banks in India, ICICI Bank and Axis Bank in the private sector banks being the 2nd largest bank and most successful bank in India, and Citibank and Standard Chartered Bank having the maximum operations in India among the foreign banks. Technology and people are playing an important role in the service delivery process, the optimum mix of these (technology and people) decides the competitive advantage of an organization in the service delivery process A sample of 600 useable questionnaires of customers has been analyzed. The study concluded that delivering high quality of services delivery is one of the best ways for banks to react to competition. The outcome of the study shows that banks can assess dimensions of service delivery to determine the level of services provided and to decide which dimensions need improvement.

key words : customers view, customers anticipation, service delivery.

Now-a-days all the organizations in the services sector whether it is in public, private or foreign sector felt the need for quality of service delivery. Total service quality management is structured system for satisfying customers and suppliers by integrating the business environment through emerging management techniques such as quality circles, continuous improvement and breakthroughs with development while changing organizational culture. Recognition of services differensation and service quality are the competitive weapon is relatively a recent phenomenon in the Indian banking sector. Prior to liberalization era the banking sector in India was operating in a protected environment and was dominated by nationalized banks. Banks at the time did not feel to pay attention to service quality issues and they assigned very low priority to identification and satisfaction of customer needs. After liberalization as a result of partial implementation of Narsimham Committee report which suggests that banks should recapitalize, reach international standards and expand their equity base. The nationalized banks and old generation banks started facing competition from the new private and foreign banks that had international banking standards. These new generation banks are characterized by the usage of modern information technology endorsed services like ATM, tele-banking, online systems etc. Clients, for the first time in India are able to choose from a number of banks offering a wide range of services and delivering quality service. In addition to this the new generation banks are characterized to shift their operational activities from corporate banking services to retail banking services.

A sound and effective banking system in India has the witness to a healthy economy. The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. Our rural banking system is very strong and providing needful services to various segments of rural people through different schemes. This is one of the main reasons of India's growth process.

The government of India had initiated the nationalization of banking sector process in 1969 has paid rich dividends to brought out regulation policy on Indian banks with the nationalization of 14 major private banks of India. In the second phase of nationalization (1980) the government of India nationalized seven more banks. Since then banks are also adding services to their customers year after year and the Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India. With stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. Currently, India has 88 scheduled commercial banks (SCBs)- 28 public sector banks (that is with the Government of India holding a stake), 29 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 31 foreign banks. According to a report by ICRA Limited, a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2 percent and 6.5 percent respectively.

Genesis of Banking Services in India : The banking industry in India has been a witness for the last decade to several regulatory changes that have resulted in a heightened level of competition among the banks. The entry of private sector and foreign sector banks, subsequent to the recommendations of the Narasimham Committee, have increased manifold the anticipations of the customers in all areas relating to customer service (Thampy and Madanmohan, 1999). India's banking system responded to the post-liberalization reforms in a creditable manner by showing admirable alacrity in absorbing the impact of reforms (Savlani, 2000). Thanks to maturing markets and global competition, bankers have been forced to explore the trade-off between winning new customers and retaining old ones. The focus of marketing has shifted to managing relationships with customers. The advent of private and foreign sector banks have also been instrumental in providing greater benefits and new service options to customers (Panigrahy, 2000). Though Indian banking is subjected to severe criticisms for its high amount of bad debts and lower profits, one crucial aspect of its performance that stands out glitteringly is its contribution to the development and diversification of the Indian economy which witnessed a great surge in the last three decades (Prasad, 1997). The service sector now dominates the economies of developed and developing nations. The traditional view of service marketing has stressed that services are different from goods in ways that require different management activities. In particular, services ascribe to four important characteristics such as intangibility, inseparability, variability, and perishability. To successfully address the marketing complexities posed by these characteristics, the service marketing mix goes beyond the usual four P's (Product, Price, Place and Promotion) to include three additional mix elements: people, physical evidence, and the service process.

In addition, the management of service quality through the monitoring of customer satisfaction is perhaps more critical to the success of service marketing than to the marketing of goods. Service consists of four components: the physical product, the service product, the service environment, and service delivery. Services differ on the relative role and importance of the physical product component. The greater use of technology in banking has made the sector more able to cope with varying demands on personal service delivery. Understanding the position of a particular service on each continuum, and the position of competitors, is thus an important step towards finding possible sources of competitive advantage.

Literature Review : Mohammad Al-Hawari (2008), has expressed that the customers' view of service delivery process quality plays the most important role in satisfaction level followed by the employees' service quality, and finally the bank tangibles. Bankers need to develop the employees' services skills consistently so banks enjoy a high level of customer satisfaction. Finally, physical surroundings (tangible aspects) should be well maintained as customers are welling to be in a convenient atmosphere while they are served. R Saravanan, and KSP Rao (2007) have analyzed the discrimination among the three groups of overall service quality from the customers' perspective. The results of this study indicate that both the technological factors and the people-oriented factors of service delivery appear to contribute more in discriminating the three groups of overall service quality. R Amudha and C Viyaya Banu (2007), the outcome of the study shows that organizations can assess five dimensions of service quality to determine the level of services provided and to decide which dimensions need improvement. In order to develop service quality, it is necessary to contact employees frequently and evaluate their service experiences. Amit Sachan and Anwar Ali (2006) have described how banking in India has changed after developments in information technology in the last decade. The new private and foreign banks, which are strong in technology, are giving tough competition to old public sector banks. Private banks have pioneered Internet banking, phone banking, anywhere banking, mobile banking, debit cards, automatic teller machines (ATMs), and retail banking in urban India. Regasamy Elango and Vijay Kumar (2005) made a comparative analysis on the services among the three major segments has revealed that the foreign banks have topped the list in delivering qualitative customer service. The results of the study also revealed that the private sector banks are also competing successfully with foreign banks and are making efforts to provide better banking services in tune with the changing global competitive scenario. However, it is also observed from the analytical results that the public sector commercial banks are lagging behind the above two sectors in providing satisfactory services as per the anticipations of the clients.

Measurement of Anticipations and Views of Service Delivery : Buttle (1996) in his study described that the research literature on service quality contains many models by different researchers across the world are existed. He also stated that the conceptualization, dimensionality, operationalization, measurement and applications of SERVQUAL have been subjected to some severe criticisms as well. In spite of such reprehension on the efficacy of SERVQUAL across different service settings, there is a general agreement that the 22 items are reasonably good predictors of service quality in its wholeness. But a careful scrutiny of the 22 items implies that the items at large deal with the element of human interaction/intervention in the service delivery and the rest on the tangible facets of service (such as the effect of atmospherics, design and decor elements, appearance of equipment, employee appearance, etc). Therefore, the SERVQUAL instrument seems to have overlooked some other important factors of service quality as such the service product or the core service, standardiza-

tion of service delivery (the non-human element) and the the social responsibility of the service organization. In an effort to conceptualize service quality (by taking in to account all the aspects of customer-perceived service quality, including those already addressed in the existing instruments and those that are left out in the empirical service quality literature). Sureshchandar et al (2001) identified five factors of service quality as critical from the customers' point of view as such core service or service product, human element of service delivery, systematization of service delivery: non-human element, tangibles of service – servicescapes, and social responsibilities.

Numerous other research studies have discussed in detail the importance of the aforementioned factors of service quality. The modified SERVQUAL with 9 elements of service delivery (Systemization elements and human elements) has used in this paper to acquire the apt results based on the managing customers' views and anticipation of services delivery. This instrument has been developed on thebasis of an exhaustive review of the literature (prescriptive, conceptual, empirical and practitioner) and also based on a pilot survey among customers of banks in India. Feedback has also been collected from experts (i.e. Academicians and Researchers) in the field.

The present study tested the reliability of each of the elements of service delivery. The variables under each element are as mentioned below:

Systemization Elements of Service Delivery

Adequate and necessary facilities are available for good customer care

Exhibits enhancement of technological capability to serve customers more effectively

Has the highly simplified service delivery process

Customers feel safe, secure, satisfied and delighted

Human Elements of Service Delivery

Adequate and necessary employees are available for good customer care

Customers are apprised about the nature and schedule of services available in the bank

Feedback from customers is used to improve service standards of the bank

Giving caring and individual attention to customers by having the customers' best interests at heart

Has the practice of recognizing regular customers

Objectives of the Study

To find out whether each element of service delivery views of customer influences the overall service delivery.

To find out whether each element of service delivery anticipations of customer influences the overall service delivery.

Research Hypothesis : The following hypotheses have been formulated to achieve the aforesaid objectives:

Elements of customers' views of Service delivery influence the overall service delivery.

H_0 Elements of customers' views of service delivery would not influence the overall service delivery.

H_1 Elements of customers' views of service delivery would influence the overall service delivery.

Elements of customers' anticipations of service delivery influence the overall service delivery.

H_0 Elements of customers' anticipations of service delivery would not influence the overall service delivery.

H_1 Elements of customers' anticipations of service delivery would influence the overall service delivery.

Research Design : Six banks have been selected for the present research. The sample for the study comprises of 600 bank customers. This represents 314 customers from Public sector banks, 197 from private sector banks, while as the remaining 89 are from foreign sector banks are approached to fill up the SERVQUAL instrument with a view to measure the views about the quality of service they are delivering to their respective customers. While choosing a bank customer, the method of simple random sampling has been followed. The parameters of service delivery have been identified after analyzing the extensive literature review of the related works done in the past. Data has been collected using the 'personal contact approaches', i.e., the respondents (bank customers) are approached personally with a research instrument (questionnaire). In order to seek fair and frank responses on service delivery from bank customers, the importance of service delivery to bank customers alternatives on offer to customers, knowledge of costs and benefits of retaining customers relative to attracting new ones, companies performance and future growth are first discussed. Respondents are asked to give their opinion about the level of quality of service delivered/expected on a seven-point Likert scale (ranging from one indicating strongly disagree to seven indicating strongly agree). The collected data have been analyzed with the help of Statistical Packages for Social Sciences (SPSS 17.0) like Multiple Regression analysis and percentage has been used to analyze the primary data (specifically demographic profile).

Result and Discussions

Reliability Test

Table 1: Service Delivery Reliability Test (Cronbach's alpha (α)

Elements of Service Delivery	Service Delivery	
	Views	Anticipations
Systemization Elements of Service Delivery	.812	.898
Human Elements of Service Delivery	.868	.843

Source primary data

A Cronbach's alpha (α) coefficient was calculated for each elements used, it is required to evaluate the reliability of the measuring instruments.Table 1 reveals the values for all the instruments are above 0.7 which is regarded as an acceptable minimum level for further analysis as suggested by Nunnally (1978) for reliability.

Demographic Analysis

Table 2: Sample Classification of Customers

No	Banks	Number of respondents	Percentage
1	Public banks	314	52.33
2	Private banks	197	32.83
3.	Foreign banks	89	14.83
4.	Total	600	100.00

As shown in Table 2, out of the total sample of respondents 52.33 percent are from public sector banks. The private sector banks have 197 numbers of respondents and the foreign banks which had 89 respondents which represents 32.83 percent and 14.83 percent of total respondents respectively. This reflects that the public sector banks have the highest number of respondents followed by private and foreign banks.

Hypothesis 1: Elements of customers' views of Service delivery influence the overall service delivery.

H_0 Elements of customers' views of service delivery would not influence the overall service delivery.

H_1 Elements of customers' views of service delivery would influence the overall service delivery.

To test the above hypothesis multiple regression analysis has been performed on the two dimensions of service delivery. The results of the multiple regression analysis are showing the significance level and relative

Table 3: Results of Multiple Regression Analysis for Customers' Views of Service Delivery

Variable	Unstandardized Coefficients		Standardized Coefficients	Order of Importance	t	Sig.
	B	Std.Error	Beta (β)			
(Constant)	4.661E.15	.000			.000	1.000
Human element of service delivery	.500	.000	.572	1	2.415E8	.000
Systemization element of service Delivery	.500	.000	.494	2	2.058E8	.000
R: 1.000 R^2 : 1.000 Adjusted R^2: 1.000 Std.Error of the Estimate:0.00000 Dependent Variable: Overall Service delivery ***p< .000						

Source from primary data

In order to determine the relative importance of two customers' perceived service delivery dimensions subjected to regression analysis. For this, multiple regression analysis model is followed in which the respondents' overall judgment of service delivery have been considered as dependent variables and the two customers' perceived service delivery dimensions are made independent variables. Thus, the score of each of the dimensions are regressed on the overall service delivery score obtained from each respondent surveyed. The beta (â) coefficients provide the relative importance. The dimension with the largest coefficient represents the most important dimension in terms of its influence on overall service delivery views. The next largest coefficient represents the second most influential dimension and so forth.

Table 3 reveals that the results indicate that perceived service delivery is influenced by two dimensions with 'Human element of service delivery' as the most important dimension (â coefficient = 0.572***). And 'Systemization element of service delivery 'is the least importance (with â coefficient = 0.494***). This shows that the customers' perceive 'systemization element of service delivery' i.e., ad-equate and necessary employees are available for good customer care, adequate and necessary facilities are available for good customer care, exhibits enhancement of technological capability to serve customers more effectively and highly simplified service delivery process as the least important for influencing their views of service delivery.

Hypothesis 2: Elements of customers' anticipations of Service delivery influence the overall service delivery.

H_0 Elements of customers' anticipations of service delivery would not influence the overall service delivery.

H_1 Elements of customers' anticipations of service delivery would influence the overall service delivery.

To test the above hypothesis multiple regression analysis has been performed on the two dimensions of service delivery. The results of the multiple regression analysis are showing the significance level and relative importance of each element towards service delivery in table 4. The results also reveals that the elements of customers' anticipations of service delivery significantly influence the service delivery (R^2 =0.68***, p< .000), with 68 percent of the variance in overall service delivery explained by independent elements. Hence, the alternate hypothesis is accepted.

Table 4: Results of Multiple Regression Analysis for Customers' Anticipations of Service Delivery

Variable	Unstandardized Coefficients		Standardized Coefficients	Order of Importance	t	Sig.
	B	Std.Error	Beta (β)			
(Constant)	11.623	.419			27.738	.000
Human element of service delivery	.788	.024	.834	2	33.296	.000
Systemization element of service Delivery	.692	.016	.897	1	43.885	.000
R: 0.825, R^2: 0.680, Adjusted R^2: 0.679, Std.Error of the Estimate: 0.80730, Dependent Variable: Overall Service delivery ***p< .000						

Source from primary data

The results in Table 4 indicate that customers' expected service delivery is influenced by the two elements with 'Systemization elements of service delivery' as the most important dimension (â coefficient = 0.897***). And 'Human elements of service delivery' is the least importance (with â coefficient = 0.834***). This shows that the customer expected 'Human element of service delivery' i.e., 'safety and security of the customer, customers' apprised about the nature and schedule of services available in the bank, feedback from the customers is used to improve service standards of the bank, caring and individual attention to customers by having the customers' best interest at heart and the practice of recognizing regular customers' as the least important for influencing their anticipations of service delivery.

Major Findings : It has been found that as far as customers' views of service delivery are concerned 'human element of service delivery' is the most important dimension, followed by systemization element of service delivery respectively. It also found that each elements of customers' views and anticipations of service delivery influence the overall service delivery of the banks.

Suggestions : Banks should invest in safety and security of the customer, nature and schedule of services available in the bank, use of customer feedback in improving service standards of the bank, caring and individual attention to customers by having the customers' best interest at heart and the practice of recognizing regular customers.

The banks should focus more on adequate and necessary employee availability for good customer care, adequate and necessary facilities for good customer care, enhancement of technological capability to serve customers more effectively and highly simplified service delivery process. Systemization elements of service delivery' as the best predictor of customers' expected service delivery. Thus, the banks should focus more on this dimension of service delivery. Customers' perceived service delivery is influencing by 'Human elements of service delivery' as the most important dimension. Hence, the banks should invest on this dimension of service delivery. It is, therefore, suggested that banks should make investment in research in order to understand customers' needs and anticipations at all stages in the service delivery process so as to determine the key components of service delivery.

Conclusion : Carrying high quality of service delivery is one of the best ways for banks to respond to competition. The outcome of the study shows that banks can assess dimensions of service delivery to determine the level of services provided and to decide which dimensions need improvement. In order to develop service delivery, it is necessary to contact employees frequently and evaluate their service experiences. With the awareness of the service delivery dimensions, the banks can judge how well the employee performed on each dimension and management could identify the weaknesses in order to make improvements. By identifying strengths and weaknesses pertaining to the dimensions of service delivery, banks can better allocate resources to provide enhanced service. Hence, efforts of the banks should be not only to equationalize the customers' anticipations with what the bank offer but efforts have to be made in to ensure that banks provide that level of service delivery which exceeds the perceived anticipations of customers.

Limitations and Suggestions for Future Research : The study was carried out in Andhra Pradesh state; therefore, the results obtained may not be generalizable to the country as a whole. The relationship between the elements of service delivery and overall service delivery can be investigated in other sectors of the service industry in future research. Transnational studies across different economies are required to further enrich the subject researched. Further research can be done to find the variation in service quality due to demographic variations. In addition, future research would benefit if the limitations of this research will be addressed so as to enhance the value of the service delivery. It is hoped that the availability of this instrument would stimulate further research focusing on service delivery and its impact on competitiveness for banking services in general and particularly in service delivery process.

Managerial Implications : The increased competition among banks in the three sectors, due to reforms has on one hand led to the strengthening of prudential norms and technological input to ensure better growth opportunities and on the other, an improved service offer to the customers with high quality of service delivery process and with the

mix of services differentiation. Hence, it is predominantly required to notice that the quality of service delivery concept is therefore holds relevance in the banking sector. Banks in Andhra Pradesh have implemented many strategies to move ahead of competitors in terms of quality of service delivery. The study provides insight for the managements to understand the customer's needs further. By understanding, to which dimension customer gives more importance, what customer expect, effective marketing strategies can be developed. Management would also be able to allocate resources as well as funds to ensure that the bank's operation strategies meet the customers' daily needs.

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