A Study on the Impact of Service Quality and Customer Satisfaction with Special Reference to SBI in Coimbatore District Using Regression Model

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Abstract:
Service quality and customer satisfaction are inarguably the two core concepts that are at the crux of the marketing theory and practice. In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers. Therefore, there is not even an iota of doubt concerning the importance of service quality as the ultimate goal of service providers throughout the world. In an era of intense global competition; many organizations have now shifted the paradigm of service quality to customer's perspective. The main purpose of this paper is to evaluate the SBI's service quality through customer satisfaction using SERVQUAL instrument. Five dimensions are taken into consideration for measuring the impact of service quality over customer satisfaction viz., Reliability, Tangibility, Responsiveness, Assurance and Empathy for the study. The Structural equation model is used to measure the impact and the result showed that tangible, reliability and empathy are directly and positively influencing the service quality of SBI customers in Coimbatore.

Keywords: Service quality, customer satisfaction

1. Introduction

Excellent service is a profit strategy because it results in many new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring the re-performance of services. Excellent service can also be energizing because it requires the building of an organizational culture in which people are challenged to perform to their potential and are recognized and rewarded when they do. Service is a key component of value that drives any company's success. To the customer, value is the benefits received for the burdens endure such as price, an inconvenient location, unfriendly employees, or an unattractive service facility. Quality service helps a company maximize benefits and minimize non-price burdens for its customers.

Service quality and customer satisfaction are inarguably the two core concepts that are at the crux of the marketing theory and practice. In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers. Therefore, there is not even an iota of doubt concerning the importance of service quality as the ultimate goal of service providers throughout the world.

In an era of intense global competition; many organizations have now shifted the paradigm of service quality to customer's perspective. Based on this paradigm, a customer will judge the quality of service accorded and determine whether it met his/her expectations.

In a quality management context, customer satisfaction is often defined as a result of comparison between what one customer expects about services provided by a service provider and what one customer receives actual services by a service provider. If services provided by an organization meet a customer's needs, this may lead to higher customer satisfaction. Customer satisfaction has been viewed as an important indicator of corporate competitiveness, since it has a positive link to customer loyalty and profitability.

2. Methodology

In Coimbatore district, there are 24 branches of State Bank of India functioning including Regional Office. The total number of State Bank of India branches is divided into eight different groups in terms of geographical area viz., Coimbatore city, Peelamedu, Sulur, Mettupalayam, Singanallur, Anamalai, Kinathukadavu and Pollachi. From each geographical area, one branch is selected based on its performance for the present study. In order to examine the relationship between service quality dimensions and customer satisfaction about services of State Bank of India, Correlation analysis, the Regression Model & Structural equation model has been employed.

2.1. Relationship between Service Quality Dimensions and Customer Satisfaction
The relationship between service quality dimensions and customer satisfaction about the services of State Bank of India was analyzed by employing correlation analysis and the results are presented in Table 1.

	Tangible	Reliability	Empathy	Assurance	Responsiveness	Customer Satisfaction
Tangible	**1.00**					
Reliability	0.32**	**1.00**				
Empathy	0.44**	0.44**	**1.00**			
Assurance	0.39**	0.40**	0.42**	**1.00**		
Responsiveness	0.36**	0.39**	0.49**	0.43**	**1.00**	
Customer Satisfaction	0.56**	0.72**	0.45**	0.66**	0.76**	**1.00**

Table 1: Relationship between Service Quality Dimensions and Customer Satisfaction
Source: Primary Data
*Note: ** indicates significance at one per cent level*

The results show that the correlation co-efficient between tangible dimension and customer satisfaction is 0.56, which is moderately and positively associated with each other at one per cent level of significance.
The reliability dimension and customer satisfaction is highly and positively correlated with each other with the value of 0.72, significant at one per cent level of significance.
The results indicate that the correlation co-efficient between empathy dimension and customer satisfaction is 0.45, which is moderately and positively associated with each other at one per cent level of significance.
The assurance dimension and customer satisfaction is highly and positively correlated with each other with the value of 0.66, significant at one per cent level of significance.
The results show that the correlation co-efficient between responsiveness dimension and customer satisfaction is 0.76, which is highly and positively associated with each other at one per cent level of significance.
The analysis reveals that there is a significant and positive relationship between service quality dimensions and customer satisfaction about the services of State Bank of India. Hence, the null hypothesis of there is no significant relationship between service quality dimensions and customer satisfaction about the services of State Bank of India is rejected.

2.2. Impact of Service Quality Dimensions on Customer Satisfaction
In order to examine the impact of service quality dimensions on customer satisfaction about the services of State Bank of India, the multiple linear regression has been applied and the results are presented in Table 2. The service quality dimensions are considered as independent variables and the customer satisfaction is considered as dependent variable.
The results indicate that the coefficient of multiple determination (R^2) is 0.73 and adjusted R^2 is 0.71 indicating the regression model is good fit. It is inferred that about 71.00 per cent of the variation in dependent variable (Customer Satisfaction) is explained by the independent variables (Service Quality Dimensions). The F-value of 15.975 is statistically significant at one per cent level indicating that the model is good fit.

Service Quality Dimensions	Regression Coefficients	t-value	Sig
Intercept	1.107**	3.812	.000
Tangible (X_1)	.167**	3.858	.010
Reliability (X_2)	.230**	3.982	.000
Empathy (X_3)	.118**	3.745	.010
Assurance (X_4)	.192**	3.965	.010
Responsiveness (X_5)	.256**	4.264	.000
R^2	0.73		
Adjusted R^2	0.71		
F	15.975		0.00
N	500		

Table 2: Impact of Service Quality Dimensions on Customer Satisfaction
Source: Primary Data
*Note: ** Significance at one per cent level*

The results show that responsiveness, reliability, assurance, tangible and empathy have a positive and significant impact on customer satisfaction in the order of importance at one per cent level. Therefore, the null hypothesis of there is no significant impact of service quality dimension on customer satisfaction about services of State Bank of India is rejected.

2.3. Structural Relationship between Service Quality Dimensions and Customer Satisfaction
In order to examine the structural relationship between service quality dimensions and customer satisfaction about services of State Bank of India, the Structural Equation Model (SEM) has been applied and the results are presented in Table.

Path	Standardized Coefficients	CR	P-Value
SQ ←TAN	.241	4.256	***
SQ ←REL	.328	4.292	***
SQ ←EMP	.209	4.370	***
SQ ←ASS	.264	4.124	***
SQ ←RES	.380	4.748	***
CS ← SQ	.559	5.196	***

Table 3: Standardized Structural Path Coefficients
Source: Primary Data
*Note: *** indicates significant at one per cent level*

The results show that the standardized coefficient for Service Quality (SQ) against TAN (Tangible) is 0.241 and the standardized coefficient for Service Quality (SQ) against REL (Reliability) is 0.328 and the standardized coefficient for Service Quality (SQ) against EMP (Empathy) is 0.209 indicates that these values are significant at one per cent level. Hence, it is inferred that tangible, reliability and empathy are directly and positively influencing the service quality.

Meanwhile, the standardized coefficient for Service Quality (SQ) against ASS (Assurance) is 0.264 and the standardized coefficient for Service Quality (SQ) against RES (Responsiveness) is 0.380 shows that these values are significant at one per cent level. Therefore, it is inferred that assurance and responsiveness are also directly and positively influencing the service quality.

The standardized coefficient for CS (Customer Satisfaction) against Service Quality (SQ) is 0.559 and it is significant at one per cent level. Therefore, it reveals that the service quality is directly and positively influencing the customer satisfaction. Hence, the null hypothesis of there is no significant structural relationship between service quality dimensions and customer satisfaction about services of State Bank of India is rejected.

The structural equation model for customer satisfaction about services of State Bank of India is shown in figure
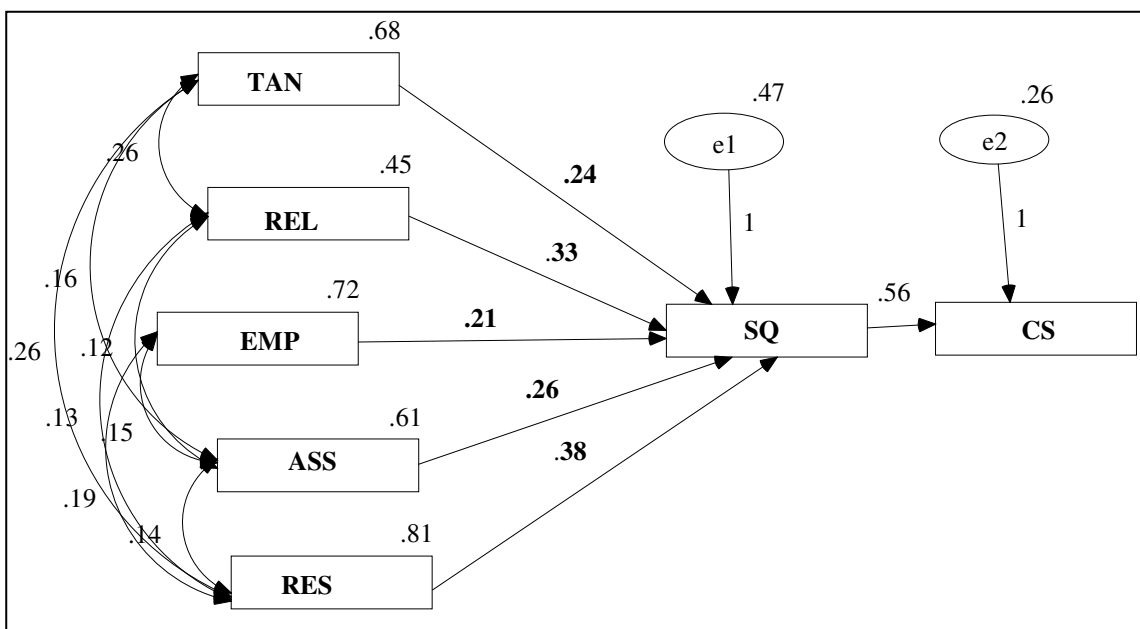

Figure 1: SEM for Customer Satisfaction about Services of State Bank of India

The model fit parameters are presented in Table 4

Chi-Square Value	P-Value	GFI	CFI	RMR	RMSEA
1.97	0.00	0.98	0.97	0.02	0.04

Table 4: Model Fit Parameters
Source: Primary Data

It indicates an excellent fit with chi-square statistic of 1.97, which is significant at one per cent level. The Goodness of Fit Index (GFI) is 0.98 and Comparative Fit Index (CFI) is 0.97. These GFI and CFI indicate perfect fit. The standardized Root Mean Residual (RMR) is 0.02 and Root Mean Square Error of Approximation (RMSEA) is 0.04 indicating excellent fit.

3. Conclusion

The results show that tangible, reliability, empathy, assurance and responsiveness are the dimensions of service quality of State Bank of India. The results indicate that responsiveness, reliability, assurance, tangible and empathy have a positive and significant impact on customer satisfaction in the order of importance.

The results reveal that tangible, reliability and empathy are directly and positively influencing the service quality. Besides, assurance and responsiveness are also directly and positively influencing the service quality. Meanwhile, the service quality is directly and positively influencing the customer satisfaction.

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