

*REVIEW OF LITERATURE*

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## CHAPTER – II

### REVIEW OF LITERATURE

To understand the research problem in depth, various studies in service quality on different service sectors were referred. Some of them are discussed below:

#### 2.1 Service Quality studies in banking sector

#### 2.2 Service Quality studies in insurance sector

#### 2.3 Service Quality studies in other sectors

### 2.1 SERVICE QUALITY STUDIES IN BANKING SECTOR

**Parasuraman.A, Berry.L and Zeithmal.V.L, (1985)** in their article entitled “**A conceptual model of service quality and its implications for future research**”, stated that the SERVQUAL technique can be used for performing a gap analysis of an organisation’s service quality performance against customer service quality needs. It is an empirically derived method that may be used by service-based organisations to improve service quality. The method involves developing an understanding of target customers’ perceived service needs and measuring their perceptions of service quality for the organisation in question against one that may be described as “excellent”. The resulting gap analysis may then be used as a driver for service quality improvement.

**Parasuraman.A, Berry.L and Zeithmal.V.L, (1991)** in their article entitled “**Refinement and reassessment of the SERVQUAL scale**” discussed findings from a follow-up study in which they refined SERVQUAL and replicated it in five different customer samples. They evaluated the reliability, factor structure and validity of the refined SERVQUAL scale and the collective findings from various replications by and large provide consistent support for its reliability, face validity and predictive /concurrent validity. They suggest that SERVQUAL is a useful starting point, not the final answer, for assessing and improving service quality. Its standard five-dimensional structure serves as a meaningful framework for tracking a firm’s service quality performance over time and comparing it against the performance of competitors.

**Sathya swaroop Debashis (2000)**, in his study on “**Service quality in commercial banks**” focused on efficient customer service with the onset of competition from private and the initiation of banking reforms in India. According to him, consistent delivery of superior

service is the strategy that is increasingly being offered as key to service providers to position themselves more effectively in the market place. The author concluded that foreign banks operating in Delhi provide better service quality and those customers are satisfied, as compared to private and public sector banks.

**Eapan varghese.M, & C.Ganesh (2003)** in their study titled, “**Customer service in banks: An empirical study**” mainly focused on how to measure the speed in which commercial banks are rendering service to their customers in 13 different dimensions. The result obtained from this study suggests that there is no difference between the public sector banks and private sector banks in the customers’ time consumed for transacting business with the bank. It is generally observed that banker’s measure only action time and do not take into account the access time which are critical to customers.

**Chakarabarthi (2004)** in his study “**Customer service in banking industry**” analysed the quality of service rendered by various banks in India using the five dimensions of SERVQUAL model with 22 statements of expectations and perceptions of the customers. From the study he found out that in a service industry like banks, the quality of customer services hold great significance particularly in the context of sustained business growth. Customers may be dissatisfied though a service firm owns good quality staff if the service delivery system is not well designed and practiced.

**Zillur Rahman (2005)**, in his study on “**Service Quality: Gaps in the Indian banking industry**”, measured the services quality of banks in India. He investigated the difference between customers’ expectations and perceptions towards the quality of services. The study was conducted using the SERVQUAL instrument. The result indicates that the sample population has perpetual problems with their banking service experiences. It was suggested that more focus on understanding customer perceptions of service quality is important for success of the service firm.

**Ananth.A and Arulraj.A (2011)** in their study, “**A study on banking service quality in Nagapattinam district, Tamilnadu**” attempted to find the quality of service and the mediating factors for satisfying the customers of banking sector in Nagapattinam district. It was found out that Corporate Social Responsibility (CSR), Deposit and Schemes (DAS) are the most influencing factors to the mediating factor. Credit Facility and Interest (CFI) is the mediating factor for quality of service. As per RBI regulations, some of the banks are appointed as servicing bank for a specific locality, the customers are in a position to utilize

the particular bank's service only, and the banking employees are also having a cordial relationship with customers. So the Location and Place (LAP) and People (PEP) are the most influencing factors for quality of service in banking service quality.

**Nikhil Chandra shil and Muzakkeerul Huda (2011)** in their study entitled, **“Explicating customer satisfaction: A survey on private commercial banks”** aimed to identify and analyse the extent of influence of service quality on customer satisfaction in private commercial banking sector in Bangladesh. Satisfaction generation process was prioritised. The study tried to explicate the customer satisfaction as it is perceived and experienced in private commercial banks in Dhaka, Bangladesh. The study reveals that customer satisfaction is explained by staff quality, tangible quality and delivery quality. Each of these quality measures has independent parameters. Staff quality was more satisfying followed by delivery quality and tangible quality.

**Santhiyavalli.G (2011)** in her study, **“Customer's perception towards service quality-A case study of ICICI bank”** aimed to evaluate the service quality of the selected commercial bank. Factor analysis of the SERVQUAL scores for the SERVQUAL items was conducted, and was followed by a varimax rotation to examine the dimensionality of the items. The overall customer satisfaction towards the service rendered by ICICI bank regarding the three factors namely, assurance, tangibility and reliability stood at 74.01 percent. It was concluded that service quality improvement in ICICI bank is needed to achieve customer satisfaction. Responsiveness and empathy can be improved by proving prompt service and by understanding the requirement of the customers.

**Usha arora and Bhavana Vashishat (2011)** in their study, **“Service quality in retail banking: An Indian perspective”** measured service quality in the selected dimensions with the help of a structured questionnaire filled by borrowers of selected banks. The SERVPERF model is used for the measurement of service quality in the Indian commercial banks. It was found that banks differ from each other in different dimensions of service performance. Punjab National Bank was found to be the best in all the service quality dimensions. It was suggested that banks must place emphasis on customised products, training to the employees, feedback, complaint handling, special benefits to 'A' class borrowers; field services and door-to-door services etc. Bankers need to make new strategies for attracting new customers and retain existing ones.

## 2.2 SERVICE QUALITY STUDIES IN INSURANCE SECTOR

**Thiripurasundari (2002)** in her study “**Attitude of policy holders towards LIC**” attempted to know the attitude of policy holders towards the service of LIC branch at Mayiladuthurai town in Tamilnadu and the level of satisfaction of policyholders relating to the rate of bonus, rate of premium and medical examination etc. The study revealed that the overall services of the branch office with regard of various aspects are satisfactory and 80% of the respondents expressed their opinion towards rate of premium as normal and bonus as moderate at the end of maturity period. Majority of the policy holders felt that medical examination insisted for taking policy is necessary.

A descriptive study, conducted by **Rudra saibaba (2003)** entitled “**Perception and attitude of women towards Life Insurance policies**” attempted to analyse the perception and attitude of women customers about LIC and awareness of the new policies introduced. It was also aimed to know the satisfaction of the services rendered by LIC both in urban and rural areas of Warangal division of Andhra Pradesh. Out of 69 respondents, 75% of the respondents perceived that Life Insurance plans cover against accident, future risk and none of the respondents viewed insurance as a source of investment for higher returns. Respondents’ awareness of new policy reveals that 58.75% are aware of children’s money back policy. Majority of the respondents are satisfied with the service offered by the corporation and few are dissatisfied due to the lack of advertisement given for new policies and agents not concentrating on customer’s service.

**Gayathri.H, M.C. Vinaya and K.Lakshmisha (2005)** in their study “**A pilot study on the service quality of insurance companies**” attempted to quantitatively study the levels of dimensions of service quality and its relation to the level of customer satisfaction. The results showed that LIC was scoring lower in all the five dimensions of service quality. To relate the satisfaction levels of customers with the levels of SERVQUAL dimensions, multiple regression equations were developed for the four companies. The study concluded that the companies have to focus on service quality in order to differentiate themselves and create a competitive advantage in order to survive the competition in the market.

**Vanniarajan.T and Jeya kumar.M (2007)** carried out an analysis entitled “**Discriminant service quality among public and private players in Life Insurance market**” and observed that the identification of various service quality factors among the insurers and also the discriminate service quality among public and private players especially

in life insurance market. The Life Insurance Corporation (LIC) and nine private insurance players were purposively selected for the study. In total of 250 customers from LIC and 20 customers from each private player were selected to examine the objectives of the study. The pre structured questionnaire had been used to collect the data. The response rate was only 68.83. The study concluded that the important service quality factors in the life insurance market were distribution network, product, responsiveness, reliability, customer relationship management, empathy, brand building, promotion and tangibles. The identified discriminate service quality factors among the public and private players were distribution network, product and reliability.

**Neetu bala, Sandhu.H.S and Nares nagpal (2011)** in their study, “**Measuring life insurance service quality: An empirical assessment of SERVQUAL instrument**” aimed to test the reliability and to examine the dimensionality of SERVQUAL instrument in the life insurance sector. Data has been collected from 337 customers from three cities of Punjab to know their perceptions and expectations level at seven point Likert scale towards service quality of LIC. The findings of the study indicate that the gap scores do not merge in to five dimensions of service quality; rather, the perception scores merge into three dimensions. Evidently, SERVQUAL instrument cannot be applicable Indian life insurance sector and further research is necessitated to comprehend the service quality within the Indian context.

**Sandhu.H.S, and Neetu bala (2011)** in their study, “**Customers’ perception towards service quality of Life Insurance Corporation of India: A factor analytic approach**” demonstrate that five-factor structure has been refined to seven-factor construct representing Proficiency, Media and presentations, Physical and ethical excellence, Service delivery process and purpose, Security and dynamic operations, Credibility and Functionality. Besides, the study also investigates the relationship between each of the generated service quality dimensions and customers overall evaluation of life insurance service quality service quality. It reveals that among these seven factors, three viz., Proficiency, Physical and ethical excellence and Functionality have significant impact on the overall service quality of Life Insurance Corporation of India.

**Vikas gautam (2011)** in his study, “**Service quality perceptions of consumers about insurance companies: An empirical study**” included five dimensions of the service quality perceptions namely tangibility, reliability, responsiveness, assurance and empathy. The analysis of these dimensions identified that between public and private insurance

companies, private insurance company, ICICI Prudential has high tangibility in terms of the employees, physical evidence and ambience. Public insurance company LIC is perceived to be more reliable than private insurance company ICICI Prudential. Responsiveness, assurance and empathy dimensions are very high in LIC. The author concluded that LIC enjoys higher service quality perception than the private insurance company ICICI Prudential.

**Sahar siami and Mohammadbagher gorji (2012)** in their study, “**The measurement of service quality by using SERVQUAL and quality gaps model**” attempted to determine the status of service quality in the insurance industry of Iran. The results showed that customers expect that five dimensions of servqual for delivering excellent service get high levels, but their perceptions resulting from the perceived service are evaluated in moderate level. It also became clear that reliability and assurance criteria are the most important factor and the highest customers’ expected criteria and empathy criterion is considered as the least important factor in insurance industry. The results reveal that make use of SERVQUAL and gaps model, are appropriate tools for measuring service quality in the insurance industry, so it was suggested that those models are used to measure service quality continuously.

### **2.3 SERVICE QUALITY STUDIES IN OTHER SECTORS**

**Sureshchandar.G.S, Rajendran.c, and Kamalanabhan.T.J (2001)** in their study “**Customer perceptions on Service quality: a critique**” identified five factors viz., core service or service product, systematisation/standardization of service delivery, non-human element, human element of service delivery and social responsibility of service quality as critical from customers’ point of view to measure service quality. These factors resulted after modifying the original SERVQUAL instrument, by adding and/or reducing other relevant factors. It was revealed that SERVQUAL designed to be a generic instrument applicable across a broad spectrum of services, has been extensively used, replicated, and found inadequate in many cases.

**Johnson, William.C, and Anuchit Sirikit (2002)** in their study “**Service quality in the Thai telecommunication industry: A tool for achieving a sustainable competitive advantage**” used the SERVQUAL scale (tangibility, reliability, responsiveness, assurance and empathy). The study was conducted with the objectives of finding whether service quality ratings predict a competitive advantage among Thai telecommunication firms as

indicated by future customer intentions and whether SERVQUAL reliability assess service quality perceptions/expectations among customers in the Thai telecommunication industry.

**Ravi Shankar (2002)** in his book “**Service Marketing – The Indian Perspective**” discusses the service marketing in aviation sector. It was suggested that it is not only important to develop innovative services. It is equally important to develop effective plans for them. If proper strategies are not developed then success can not be achieved. Service quality is defined as customers’ beliefs or attitudes about the degree of service excellence offered by the service provider. Service quality has become more important because of its relationship with the level of financial performance, customer satisfaction and retention.

**Suzana markovic and Sanja raspor (2010)** in their study entitled, “**Measuring perceived service quality using SERVQUAL: A case study of the Croatian hotel industry**” aimed to assess the perceived service quality of hotel attributes and to determine the factor structure of service quality perception. From the study, it was revealed that the main dimensions of perceived service quality in hotels are ‘reliability’, ‘empathy and competence of staff’, ‘accessibility’ and ‘tangibles’. Two of these are similar to the SERVQUAL model, while others overlap with the original SERVQUAL dimensions. However, the studies conducted in the hotel sector identified different outcomes with regard to the number and interpretation of dimensions guests use to assess perceived hotel service quality.

**Ranajit chakraborty and Anirban majumdar (2011)** in their study, “**Measuring customer satisfaction in health care sector: The applicability of SERVQUAL**” attempted to measure the patient satisfaction in the light of service quality provided by hospitals. SERVQUAL model helps to obtain customers rating of perception and expectation on the basis of ordinal scale. It has been found that the application of statistical tool with the ordinal data in the SERVQUAL model is inappropriate. Simultaneous measurement of patients’ expectation and perception is also erroneous. Finally, it was observed that in spite of all limitations, SERVQUAL is still popular instrument to measure patient satisfaction even in recent days.

**Sandhya joshi (2011)** in her study entitled, “**A study of service quality and customer satisfaction across various service providers in the telecom sector**” found that it is important for telecom providers to continually access customer segments and identify the drivers of customer satisfaction so as to retain their profitable customers. It has been

suggested that telecom operators should provide mobile handsets at a lower rate itself and emphasis should be given to improve the network coverage so that more and more customers can be retained. Proper training should be given to the staff to handle the customers' problem in a better manner. It was concluded that customer's perception of service quality and customer satisfaction differs across service providers.

**Manju malik (2012)** in her study entitled, "**A study on customer's satisfaction towards service quality of organised retail stores in Haryana**" aimed to examine the relationship of dimensions of service quality and customer satisfaction and also to study the difference in demographic groups towards dimensions of service quality. It was found that the dimensions of service quality were positively related with the customer satisfaction, but differ in importance. Product quality, physical aspects and promotional schemes were the most significant determinants of customer satisfaction. A significant difference was found in the physical aspects, promotional schemes, personnel interaction and after sales services, when respondents were grouped according to age and annual income.

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