A Descriptive Analysis of Assessing Customer Satisfaction: The SERVQUAL Method Approach

[Humaira Jahan, Bishwajit Banik Pathik, Asif Parvez and Dr. Md. Mamun Habib]

Abstract—**This study represents the analysis of customer satisfaction level through SERVQUAL (service quality) method on a leading private bank of Bangladesh, namely Dhaka Bank Ltd. Customer satisfaction have been measured using the modified version of SERVQUAL as proposed by Parasuraman et al. (1988) [20], which involves five dimensions of service quality, particularly Reliability, Responsiveness, Empathy, Assurance, and Tangibles. To justify the satisfaction level on service provided by the bank towards the customers, survey research technique has been applied. Respondents were selected by simple random sampling procedure. The researchers used SPSS as a statistical tool to furnish data input and analysis for assessing satisfaction level of customers towards the bank. Findings of this paper demonstrates the satisfaction level of the customers at Dhaka Bank Limited, therefore, SERVQUAL would be applicable for banking industries whatever public and private banks.**

Keywords—**SERVQUAL, customer satisfaction, Dhaka Bank Ltd.**

I. Introduction

In current market, the competition among the nationalized, foreign and private commercial banks are high and the expectation of the customers is rapidly growing concerning the banking operation and how customer service becomes more attractive. Reciprocating the sentiment, commercial/private banks are trying to elevate their traditional banking service to a better standard, to meet the challenging needs. Side by side, in every bank there are too much pressure of customers who are waiting to get served as per their requirement and now the existence banks have also concentrated their attention towards diversification of their products for providing better performance to the customer. Under the above circumstances, it has become necessary for DHAKA BANK LTD. which is one of the leading commercial banks, to focus its attention towards the measuring customer satisfaction level. That is why it is quite justified to make an in-depth study about its customer service provided by DHAKA BANK LTD as the bank committed to their customer as "Excellence in Banking" the level of customer satisfaction will come out from the

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customer satisfaction survey as from research. The study may help formulating policy regarding the ideas relating to the feelings of the customers and it will help to find out the sector where the bank need to improve for providing better service. Furthermore, DHAKA BANK LTD. executives who are actually executing the policies undertaken by the top management will have a chance to communicate their feelings and will have the feedback about their dealings with the customers.

The Bank was incorporated as a public limited company under the Companies Act. 1994. The Bank started its commercial operation on July 05, 1995 with an authorized capital of BDT 1,000 million and paid up capital of BDT 100 million. [25] Currently, the bank has a total number of 59 branches and, 4 SME service centers, 5 CMS units and 2 offshore banking unit across the country and a wide network of correspondents all over the world. The bank also offers the full range of banking and investment services for personal and corporate customers, served by the latest technology. It has already commenced online banking services (i-Banking), joined a countrywide shared ATM network and a co-branded credit card services. [25]

This paper, a descriptive study, illustrates sequentially the Literature Review, Methodology, Analysis & Results, and Conclusions in the following sections.

II. Literature Review

A. *Service Quality*

Crosby defined quality as consistency with fixed specifications and this agrees with Karim's definition [1] [2], who defined quality as anything that accords with the characteristics of the product to meet the external clients' needs. In addition, the product quality differs from that of a service as the earlier is tangible, whereas the latter is intangible. Service is also defined differently. The American Society for Marketing, for example, defines service as activities or benefits that are offered for sale or that are offered for being related to a particular product. Kotler defined service as any behavior or act based on a contact between two parties: the provider and the receiver, and the essence of this reciprocal process in intangible [3]. Hakesver looked at service as a set of economic activities that provide time, location form and psychological benefits. Beer defined service as a set of characteristics and overall properties of the service which aim to satisfy the clients and meet their needs [4]. Hossain and Leo emphasized that banks have to care about the quality of their services since this quality is considered the essence or core of strategic competition [5]. Walfried, et. al. defined service as a set of characteristics that meet the clients'

needs, strengthen the links between the organization and them, and enhance the clients' value as well. [6]

B. *Customer Satisfaction*

Customer satisfaction measures products or services provided by a company meet its customers' expectations. In a competitive marketplace where businesses compete for customers, it is the company's key performance indicator (KPI). Customer satisfaction is the key to long-term business success [7] [8]. Besides, it also defined as global issue that affects all organizations, regardless of its size, whether it is profit or non-profit, local or multinational.

It is shown that companies that have more satisfied customer will experience higher economic return [9] [10]. Higher customer satisfaction leads to greater customer loyalty [11] [12] and this result of higher future revenue [13] [14]. Due to this, the organizations in the same market sector try to provide their products and services with best quality in order to attract and to retain their customers. Customer satisfaction considered as the essence of success in today's highly competitive world of business. It is increasingly becoming a corporate goal as more and more companies strive for quality in their products and services. [15]

Moreover, service quality viewed as a significant issue in the banking industry by Stafford [16]. Since financial services are generally undifferentiated products, it becomes imperative for banks to strive for improved quality of service to distinguish them from the competition. Bowen and Hedges [17] documented that improvement in quality of service related to the expansion of shares in the market. Gronroos suggested that the perceived quality of a given service is the result of an evaluation process since consumer makes comparison between the services they expect with perceptions of the services they receive [18]. Hence, he concluded that the quality of service is dependent on two variables: expected service and perceived service. Parasuraman considered that a customer's assessment of overall service quality depends on the gap between the expected and perceived service [19].

Approaches to the measurement of service quality have typically been a simple comparison of the mean scores, extensive and detailed statistical model or more recently market research questionnaire. The current measurement of perceived service quality using the latter approach traced to the research of Parasuraman [20].

C. *SERVQUAL Method*

Based on an exploratory research on four types of service firms, 10 determinants of service quality have been determined and consistently ranked by customers the most important service quality. The findings served as the foundation for researchers to develop an instrument of measuring customers' perceptions of service quality called SERVQUAL in 1988, which was later refined in 1991. In developing SERVQUAL, Parasuraman recast the 10 determinants into five principal dimensions : tangibles, reliability, responsiveness, assurance and empathy [20].
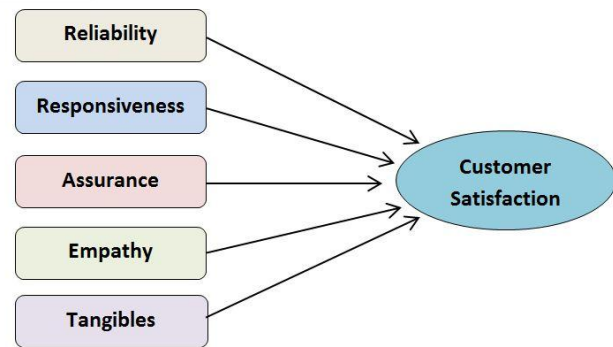

Figure 1.   Theoretical Framework of SERVQUAL [20]

Following his work, other researchers have adopted this model for measuring service quality in various service industries. Many researchers have applied this model to measure the quality of service in the banking industry [21] [22]. Cronin and Taylor stated that the relationship between service quality and customer satisfaction has a direct impact on customer's loyalty as the universal understanding that keeping a loyal base of customers is much profitable for a company than attracting new clients [23]. Not surprisingly, service quality and customer satisfaction are among the most heavily studied concepts by managers. According to Oliver, customers judge that quality is low if performance does not exceed expectations and quality increases as the performance exceed expectations. Customers' expectations serve as foundation to the quality of services, hence, if service quality increased, the customer satisfaction will also increase.

III. **Methodology**

The analysis of this research is based on both the primary and the secondary data. Survey research technique was utilized to analyze all stakeholders' observation towards the bank. 105 respondents of all stakeholders participated in this survey through simple random sampling procedure. Five-point Likert Scale (1= Strongly Disagree, 5 = Strongly Agree) were asked to the respondents to conduct the survey. The researchers used SPSS as statistical tools to furnish the data input and analysis. On the other hand, secondary data including online databases, digital libraries, books, journals, conference papers, etc. have been studied extensively. Research papers of academicians and practitioners are evolved from renowned international journals, namely PROQUEST, EMERALD, EBSCO, IEEE, ACM, JSTOR, Science Direct, etc.

IV. **Data Analysis**

The demographic profiles provide an overall view of characteristics of the customers of Dhaka Bank Ltd. As depicted in Table 1, among 105 respondents 70.5% were male and 29.5% were female respondents. This table also indicates that most of the respondents are at least Graduate (54.3%) and the majority of the respondents are in the age group of 26 to 40.

TABLE I.   DEMOGRAPHIC FACTORS OF RESPONDENTS

Variables		Frequency	Percentage	Mean	Standard Deviation
Gender	Male	74	70.5	1.30	0.458
	Female	31	29.5		
Education Level	HSC	20	19	3.08	0.675
	Graduate	57	54.3		
	Post Graduate	28	26.7		
Age	18~25	16	15.2	2.27	0.788
	26~40	51	48.6		
	41~50	32	30.5		
	Above 50	6	5.7		

Reliability measurement is established by testing for both consistency and stability. Cronbach's Alpha is a reliability coefficient that indicates how the items in a set correlated positively to one other. The closer Alpha value is to 1, the higher the internal consistency reliability. Reliability Analysis measured with Cronbach's Alpha shows that all variables are higher than 0.6 in the results. It indicates that respondents have answered the questions without bias, with consistent and stable. The results of the reliability analysis of the survey questions for this study are as stated below.

TABLE II.   RELIABILITY STATISTICS

SERVQUAL Dimension	Number of Questions	Cronbach's Alpha (α)	Internal consistency
Tangible	7	0.655	$0.6 \leq \alpha < 0.7$; Acceptable
Reliability	4	0.658	$0.6 \leq \alpha < 0.7$; Acceptable
Responsiveness	5	0.704	$0.7 \leq \alpha < 0.9$, Good
Empathy	3	0.755	$0.7 \leq \alpha < 0.9$; Good
Assurance	3	0.626	$0.6 \leq \alpha < 0.7$; Acceptable

According to the table 2, the Cronbach's Alpha values for the questions related to three SERVQUAL dimensions, namely Tangible, Reliability and Assurance lie in between 0.6 to 0.7 ranges, which present the internal consistency as 'acceptable'. On the other hand the questionnaire of Responsiveness and Empathy, other two dimensions of SERVQUAL, fall in the range of 'Good'.

The availability of information brochures regarding bank is in very good position because the customers are mostly highly satisfied with it, some measured it as satisfied and a less amount of customer measured it as moderate. The bank decor is pleasant and attractive to the customers, as they have measured it 67% as highly satisfied, 27% as satisfied, 6% as moderate The bank is also having high professional and attractive appearance for the customers; employees are professional and have humble attitudes toward customers.
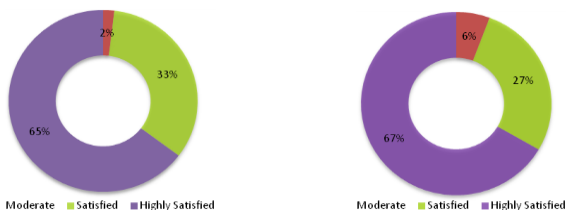

(a) Availability of information brochures

(b) Professional and attractive appearance

Figure 2.   Customer satisfaction level on tangible factor.

The statement of the bank having complete record of transactions as per the customer need, somewhere mistakes and delays occurs, still they try to make sure the accuracy of the transactions. As per the customer point of view, the statement is easy to read and understandable to all as they have measure most as highly satisfied.
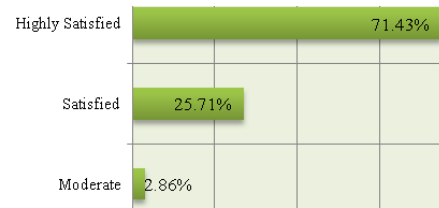
(a) Statements contains complete records of transaction.
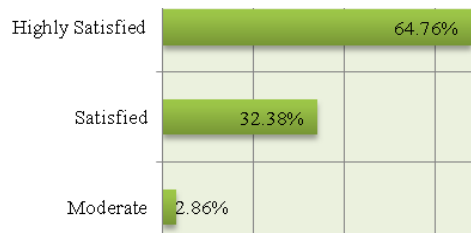
(b) Easiness and understandabilty of statements.

Figure 3.   Customer satisfaction level on reliability.

Each and every customer is served with all attention, that's why their all question or problems are solved with full honor and respect. Until the problem is not solved, the employee tires their best to solve it by considering customer convenience; as a result, customer is highly satisfied by the bank response.
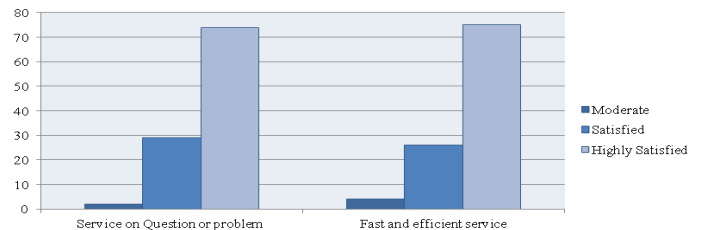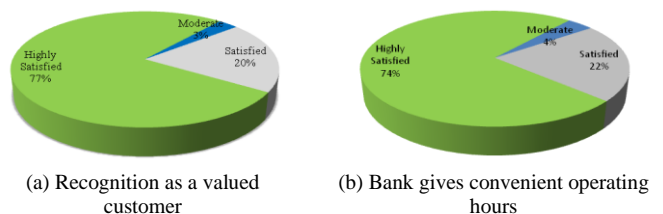

Figure 3.   Customer satisfaction level on responsiveness.

As every customer is served with, full honor and respect. The bank does give a great value to customer's time. Every employee of the bank tries to serve a customer within their time limitation with customer high satisfaction, every customer is severed with fast and efficient way by fulfilling customer needs. As a result customers are highly satisfied for


(a) Recognition as a valued customer

(b) Bank gives convenient operating hours

Figure 4.   Customer satisfaction level on empathy

getting served in fast and efficient way.

Every customer is given highly value, honor respect and attention. As a result, their satisfaction level regarding the bank is also high. Every customer is served with convenient operating hours to solve their problems. Until the problem is not solved, the employee tires their best to solve it by considering customer convenience; as a result, customer is highly satisfied by the bank response.
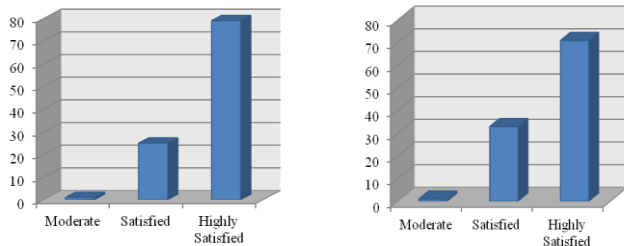
(a) Knowledge of bank's products and services

(b) The level of feeling safe in transactions with the bank

Figure 5. Customer satisfaction level on assurance

Employs have enough knowledge of bank's products and services; as a result they always can come with a solution of every problem. They try to help the customer to get rid form there problem by providing them best services, they also try to ensure which product or service will satisfy a customer needs most. Customers are highly satisfied, as they feel safe to do transactions with the bank. They take the bank as part of their life. They feel free to share all the bank related problems with the employees, as also the employees always try to sever the customer with all respect and humble way.

TABLE III.   SERVQUAL SCORES

SERVQUAL Dimension	Average Value
Tangible	4.567
Reliability	4.664
Responsiveness	4.672
Empathy	4.736
Assurance	4.730
Average SERVQUAL Score	**4.674**

The average level of tangible regarding customer satisfaction level of the bank is 4.567 out of 5.which refer that customers are highly satisfied by the facilities and the services of the bank. Average of reliability of the bank is 4.664 out of 5. Which measure that the bank is highly reliable to the customer for their transaction and they feel safety doing transaction with the bank. The average level of responsiveness regarding customer satisfaction level of the bank is 4.672 out of 5.The bank take all the responsibility to solve customer problems and their needs. They are always there to help the customer is every respect. The average level of empathy is 4.736. Customer is satisfied when very they are served .Every employee does give value, honor, and respect to every single customer. They are always willingly responded whenever they want it.

V. Conclusion

The research on measuring service quality has focused primarily on how to meet or exceed the external customer's expectations, and has viewed service quality as a measure of how the delivered service levels equalize consumer's expectations. This study measuring service quality of Dhaka Bank Ltd. mainly studied on client expectation and perception about the services on different five dimensions. Dimensions of SERVQUAL items such as solving the customer problems, service delivery on time, quick response to customer request, safe transactions, personal attention and understanding the needs of the customers were the main focus of the research. From the analysis it is found that customers of the bank are quite satisfied by the services provided by the Dhaka Bank Ltd.

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