

# A STUDY ON SERVICE QUALITY MANAGEMENT PRACTICES IN SELECT DISTRICT CENTRAL COOPERATIVE BANKS OF TAMIL NADU

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**Abstract-** Service quality is an imperative element impacting customers' satisfaction levels in the banking industry. In banking, quality is a multi-variable concept that includes different types of convenience, reliability, services portfolio, and staff delivery. The Customer satisfaction is linked to customer loyalty and retention. In order to build a service quality model, which would ensure customer satisfaction; it is imperative to identify the problems of customers. The banks review the service delivery process to make it more customer-friendly. This suggests that expectations are key factors behind satisfaction. While customer satisfaction is the key performance indicator/differentiator, tapping the same becomes an imperative task for the service provider. The study is focusing mainly on the functional areas of Service Quality Management on District Central Cooperative Banks (DCCBs) in Tamil Nadu with reference to the customers. As such, the study is making an in-depth analysis of the Five dimensions of service quality management, Crucial for the DCCBs. The study was done with the specific objectives are: i) To study the demographic, social and economic profile of the customers of select DCCBs. ii) To analyze the perception of customers towards the service quality management practices of DCCBs. iii) To examine the relationship between the perception of customers on service quality management and their demographic, social and economic profile. iv) To analyze the effect of service quality dimensions on the level of customers satisfaction. A Structured Interview Schedule was collected information from the customers' respondents regarding their perception of Service Quality Management in select District Central Cooperative Banks in Tamil Nadu. The sample of the study includes 200 customers of the DCCBs in Tamil Nadu. The study has adopted the descriptive and inferential statistical analysis in the study. The tools used for the analysis of the data were: Factor analysis, Chi- Square Analysis, ANOVA, Pearson Moment Correlation Method and Ordered logistic regression analysis.

**Key Words:** Service Quality Management, Cooperatives Bank, DCCBs, Customer satisfaction, Customer Perception.

## INTRODUCTION

In today's scenario, the world has witnessed a multiplication of service industries in many countries. This growth in the service sector has persisted, to the extent that service industries now have a major impact on national economies. Service industries are expected to develop and grow at an accelerated pace in the future. As the service sector is making an increasingly significant contribution to the modern economy, customers reap the benefits of greater choice and easy availability. Due to this trend and the steady flow of newcomers into the industry, service firms operate in an increasingly complex, competitive business environment. The resultant fierce competition, coupled with the challenges posed by the ever-changing modern business world, is forcing service firms to review and often dramatically adapt their management styles and business practices especially service quality.

Banks are one of the service sectors that plays a very important role in the economic development of every nation. They have control over a large part of the supply of money in circulation. Economic development is a dynamic and continuous process. Banks are the main stimulus of the economic progress of a country. The economic development of a nation is highly depending upon the extent of mobilization of resources, and investment and on the operational efficiency of the various segments of the economy. Banks have been consciously used as an engine of development.

Service quality is an imperative element impacting customers' satisfaction levels in the banking industry. In banking, quality is a multi-variable concept that includes different types of convenience, reliability, services portfolio, and staff delivery. The banks have realized that to become a market leader, it is critical to focus on superior service quality. Customer satisfaction is linked to customer loyalty and retention. In order to build a service quality model, which would ensure customer satisfaction; it is imperative to identify the problems of customers. The banks review the service delivery process to make it more customer-friendly. It is broadly defined as the number of customers, or total percentage of customers whose reported experience with a firm, its products, or its services exceed specified satisfaction goals. This suggests that expectations are key factors behind satisfaction. While customer satisfaction is the key performance indicator/differentiator, tapping the same becomes an imperative task for the service provider.

The study is focusing mainly on the functional areas of Service Quality Management on District Central Cooperative Banks (DCCBs) in Tamil Nadu with reference to the customers and bankers. As such, the study is making an in-depth analysis of the Five dimensions of service quality management, Crucial for the DCCBs. The study aims to analyze the banking services, service factors, the service quality management practices and performance of the Sample DCCBs (as categorized by the Registrar of Cooperative Societies, Tamil Nadu).

### Cooperative Banks in India

Cooperative banks in India have become an integral part of the success of Indian Financial Inclusion story. They have achieved many landmarks since their creation and have helped normal rural Indian to feel Empowered and secure. Cooperative banks in India have a history of almost 100 years. Cooperative banks are registered under the Cooperative Societies Act. These banks are also regulated by the RBI and governed by the Banking Regulation Act 1949 and Banking Laws Cooperative Societies Act 1955. The need for cooperative banks in India is much important to support the financial requirements of people. In order to provide much established support to every person in the country and for the development of the nation, cooperative banks are categorized at various dimensions and at various levels. The major strengths of cooperative banks are their local reach, transparent interaction with the customers and their efficient services to common people. It functions with the no profit and loss model. As the other banks in India cooperative banks perform all the basic banking functions look borrowing and lending credits. Thus cooperative banks are deeply rooted inside local areas and communities. They are involved in local development and contribute to sustainable development of communities, as their members and management board usually belongs to communities in which they exercise their activities. The cooperative banks can be divided in to two categories based on their functions. They are,

#### 1. Long -Term Cooperative Credit Institutions

- State Level
- District Level
- Village Level

#### 2. Short- Term Cooperative Credit Institution

- State cooperative Banks
- District Cooperative banks
- Primary Agricultural Cooperative Societies

Cooperative banks in India finance rural areas under:

- Farming
- Cattle
- Milk
- Hatchery
- Personal Finance

Cooperative Banks in India finance urban areas under:

- Self-Employment
- Industries
- Small Scale Units
- Home Finance
- Personal Finance
- Consumer Finance

Service quality in banking sector is the most important criteria. It helps to evaluating and satisfying customers and there by increases the customer loyalty and average retention of customers. Among service quality determinants reliability, assurance and empathy have always played a pivotal role.

### Objective of the study:

1. To study the demographic, social and economic profiles of the customers of select DCCBs.
2. To analyse the perception of customers' towards the service quality management practices of DCCBs.
3. To examine the relationship between the perception of employees and customers on service quality management and their demographic, social and economic profile.
4. To analyse the effect of service quality dimensions on the level of customers satisfaction.

### Hypothesis:

**Ho1:** There is no difference between Age and Service Quality Management.

**Ho2:** There is no difference between Gender and Service Quality Management.

**Ho3:** There is no difference between level of Position and Service Quality Management.

**Ho4:** There is no difference between Level of Education and Service Quality Management

**Ho5:** There is no difference between Socio economic profile of the Customers and Service Quality Management

**Ho6:** Service Quality dimensions do not have influence on the level of Customer Satisfactions.

**Ho7:** There is no difference among the DCCBs on the Service Quality dimensions

### Research Methodology:

This study includes both primary and secondary data. Primary data collected from 200 customers of District Central Cooperative Banks in TamilNadu. A structured schedule is used for collecting information from information. The data collected from customers who visit the bank during the data collection. The objective of the study is explained to customers for their cooperation it was a free

talk between them. Secondary data were collected from annual reports of NAFSCOB, RBI journals, books, annual and audit reports of sample DCCBs.

#### Tools Used:

Mathematical and statistical tools are like Chi-Square test for goodness of fit, Factor Analysis, One Way Analysis of Variance (ANOVA), Pearson Moment Correlation Method, Ordered logistic regression model, were used for data analysis. Mainly the mean score of different statements of five dimensions were computed for measuring the service quality. The service quality of cooperative banks was determined by using SERVQUAL tool of Parasuraman.

#### Data Analysis

Extracting meaningful information from the data collected and analyzing the information statistically. Analysis of the collected data was done with the help were prepared by using SPSS Package. Relationship between Socio-economic Profile of Customers and perception on Service quality dimensions.

**Table 1: Age on Service quality factors – ANOVA**

Service Quality Factors	Age category	Mean	SD	F	Sig.
Tangibility	Below 25 years	3.61	0.817	0.379	0.768
	26 - 35 years	3.66	0.653		
	36 - 45 years	3.55	0.770		
	Above 45 years	3.52	0.770		
Reliability	Below 25 years	4.05	0.744	0.390	0.761
	26 - 35 years	3.91	0.766		
	36 - 45 years	3.90	0.833		
	Above 45 years	3.88	0.671		
Responsiveness	Below 25 years	3.78	0.716	0.042	0.988
	26 - 35 years	3.75	0.698		
	36 - 45 years	3.74	0.753		
	Above 45 years	3.80	0.736		
Assurance	Below 25 years	3.45	0.668	0.053	0.984
	26 - 35 years	3.44	0.788		
	36 - 45 years	3.47	0.711		
	Above 45 years	3.51	0.878		
Empathy	Below 25 years	4.50	0.431	1.429	0.236
	26 - 35 years	4.26	0.710		
	36 - 45 years	4.41	0.612		
	Above 45 years	4.38	0.651		

Source: Computed from SPSS, 2020

Table No 1 shows that Relationship between age of Customers and perception on Service quality dimensions. The age does not have any significant differences on tangible ( $F(3, 196) = 0.379, p = 0.768$ ), the F test, it is found that age does not produce any significant differences on reliability ( $F(3, 196) = 0.390, p = 0.761$ ). The responsiveness ( $F(3, 196) = 0.042, p = 0.988$ ), significant differences in assurance ( $F(3, 196) = 0.053, p = 0.984$ ) and last in empathy ( $F(3, 196) = 1.429, p = 0.236$ ) at a 5 per cent significance level. Moreover, it is inferred that there is no significant difference between customers' age groups in their perception of five services provided by DCCB branches.

**Table 2 t-test for Gender on Service Quality Factors**

Service Quality Factors	Gender	Mean	SD	T	Sig. (2-tailed)
Tangibility	Male	3.53	0.738	-1.800	0.073
	Female	3.72	0.683		
Reliability	Male	4.00	0.761	1.433	0.154
	Female	3.85	0.758		
Responsiveness	Male	3.72	0.700	-0.764	0.446
	Female	3.80	0.725		
Assurance	Male	3.45	0.786	-0.201	0.841
	Female	3.47	0.727		
Empathy	Male	4.30	0.531	-1.060	0.291
	Female	4.40	0.759		

Source: Computed from SPSS, 2020

Table No 2 shows that the result it is found that (4.40) female customers are shows high level perception on the (4.30) male customers in empathy and mean difference not significant at 5 percent level. There is no difference among gender in the empathy element.

**Table 3 t-test for Marital status on Service Quality Factors**

Service Quality Factors	Marital status	Mean	SD	t	Sig. (2-tailed)
Tangibility	Married	3.60	0.692	-0.408	0.684
	Unmarried	3.65	0.783		
Reliability	Married	3.88	0.769	-1.518	0.130
	Unmarried	4.06	0.734		
Responsiveness	Married	3.77	0.701	0.479	0.632
	Unmarried	3.72	0.738		
Assurance	Married	3.41	0.816	-1.661	0.099
	Unmarried	3.58	0.575		
Empathy	Married	4.46	0.574	3.654	0.001*
	Unmarried	4.07	0.724		

Source: Computed from SPSS, 2020

Table No 3 shows that the Empathy as SQM dimensions are shows positive signification of marital status on (4.46) married and (4.07) unmarried customers, and other dimensions shows low high signification response of 99% confidence level.

**Table 4 Occupation on Service quality factors – ANOVA**

Service Quality Factors	Occupation	Mean	SD	F	Sig.
Tangibility	Govt. employee	3.53	0.661	4.482	0.005*
	Business employee	3.71	0.716		
	Professional	3.18	0.667		
	Others	3.00	0.011		
Reliability	Govt. employee	4.14	0.748	4.625	0.004*
	Business employee	3.97	0.750		
	Professional	3.46	0.699		
	Others	3.27	0.462		
Responsiveness	Govt. employee	4.00	0.596	0.165	0.920
	Business employee	3.76	0.722		
	Professional	3.70	0.797		
	Others	3.74	0.866		
Assurance	Govt. employee	3.02	1.092	4.587	0.004*
	Business employee	3.56	0.696		
	Professional	3.37	0.332		
	Others	3.25	0.433		
Empathy	Govt. employee	4.46	0.644	6.551	0.000*
	Business employee	4.39	0.631		
	Professional	3.83	0.515		
	Others	5.00	0.010		

Source: Computed from SPSS, 2020

Table No 4 results shows that Tangibility, Reliability, Assurance and Empathy are positive signification at a 5 per cent significance level of occupation. The (0.920) responsiveness are shows no signification of negative influents reduction in Occupation to the customers.

**Table 5 Education on Service quality factors – ANOVA**

Service Quality Factors	Level of Education	Mean	SD	F	Sig.
Tangibility	Illiterate	3.31	0.401	5.914	0.001*
	up to +2	3.43	0.741		
	Degree/Diploma	3.45	0.732		
	Postgraduate	3.85	0.657		
Reliability	Illiterate	3.29	0.641	4.903	0.003*
	up to +2	3.20	0.786		
	Degree/Diploma	3.96	0.796		
	Postgraduate	4.03	0.674		
Responsiveness	Illiterate	4.07	0.401	1.363	0.255
	up to +2	3.38	0.856		
	Degree/Diploma	3.73	0.789		
	Postgraduate	3.80	0.607		
Assurance	Illiterate	3.43	0.401	.309	0.819
	up to +2	3.69	0.547		
	Degree/Diploma	3.47	0.685		
	Postgraduate	3.42	0.872		

Empathy	Illiterate	4.20	0.012	6.954	0.001*
	up to +2	3.95	0.682		
	Degree/Diploma	4.20	0.752		
	Postgraduate	4.57	0.433		

Source: Computed from SPSS, 2020

The table No 5 shows that results it is found that level of education to the customers are shows high level perception on the postgraduate level (4.57) in empathy and tangibility, reliability and empathy service dimensions on positive mean difference significant at 5 percent level, and other dimensions shows low high signification response of 99% confidence level.

**Table 6 Ordered Logit Regression Result: Effect of Service Quality Dimension on Customer Satisfaction Level**

Variables	Estimate	Std. Error	Wald	Sig.
Tangibles (SQDTAN)	1.375	.801	2.946	.086*
Reliability (SQDREL)	1.226	.302	16.528	.000***
Responsiveness (SQDRES)	-1.357	.565	5.766	.016**
Assurance (SQDASS)	1.086	.358	9.187	.002***
Empathy (SQDEMP)	1.040	.777	1.793	.181
Chi-square $\chi^2$ 53.047 p=0.000				
<b>-2log likelihood 103.350 N=200</b>				

Source: Computed from SPSS, 2020

\*\*\* Significant at <1%, \*\* Significant at <5% and \* significant at <10%.

The table No 6 shows that to summarize the ordered logit model result, reliability and assurance as service quality dimension have positive significant influence on customer satisfaction level at 1% level; responsiveness as service quality dimension have positive significance influence at 5% significance level; and tangibles as service quality dimension was significant at 10% level. The customer overall satisfaction can be influenced by several factors. Among other factors a considerable portion, about 46.5% of their satisfaction is influenced by the five service quality dimensions (Simachew Alemneh, 2018). Likewise, several studies witnessed and proved that there is positive significant influence by service quality dimensions on customer satisfaction.

## CONCLUSIONS:

To conclude, customers of DCCBs have moderate level of perception towards SQ dimensions. There are significant relationship between demographic, social and economic profile of customers and their perception on service quality dimensions. The result of ordered logistic regression shows that Tangibility service dimension has positive significant influence on the level of customer satisfaction. Responsiveness as a service quality dimension has negative significant influence on the level of customer satisfaction which implies that a unit decrease in responsiveness results decrease in the level of customer satisfaction. Though other three service quality dimensions do influence the level of customer satisfaction, their influence is not statistically significant.

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