



AN EMPIRICAL STUDY ON SATISFACTION OF RURAL CONSUMERS FOR BANK SERVICE QUALITY IN SELECTED RURAL AREAS OF SABARKANTHA DISTRICT

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Abstract

In India there are 6, 40,867 villages and 68.84% of population resides in rural areas that offer a huge potential to the economy (Census 2011). Banking sector in India being the forefront of the economy has ventured into many innovative services to cater the need of these non-urban residents. For this study the primary data collected from 100 rural respondents from selected rural areas of Sabarkantha district with the help of structured questionnaire. To support the objectives of the study, SERVQUAL model developed by A. Parasuraman et al (1988) was adopted. The data has been tested through cronbach alpha, chi square test, and t test. Data analysis clearly indicated that among five dimensions reliability and responsiveness were the major dimensions responsible for rural Consumers' satisfaction regarding the various services provided by the banks in selected rural areas of Sabarkantha district. There is a significant difference in satisfaction level of public sector bank and private sector bank in rural areas of Sabarkantha District.

1. INTRODUCTION

The Financial Services is the backbone of service sector. This is important not only for the banking sector but for the Indian economy as a whole. This is so because banking is a catalyst and life of modern trade and commerce. It is an integral part of all the businesses and social activities. Banking in India is generally fairly mature in terms of supply, product range and reach, even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. Currently in India total branches is observed across population groups with 6000 per branch in urban areas and 24000 in rural areas.¹

The concept of Consumer satisfaction is critical for banks for not only attracting more Consumers but also to make them loyal Consumer of the bank. A highly satisfied and delighted Consumer is a vital non-financial asset for a bank in this age where quality Consumer services are the measures for the future of a bank.

1.1 SERVQUAL MODEL

SERVQUAL² is a scale used commonly to measure the service quality. It is a diagnostic tool and makes use of a 22 item scale based on the service quality dimensions. Originally it consisted of ten dimensions. Later they were polled into five dimensions and they are:

Tangibles Dimension: Tangible refers 'representing service physically'. In it modern looking equipment visually appealing physical facilities, goods and lucrative form of pamphlets/ Performa's/ statements are involved. All these physical facilities are used by the Consumers to evaluate the quality of service.

Reliability Dimension: Reliability means 'delivering of promises'. Reliability can be defined as the ability to perform the promised services accurately and timely. Consumers want to do business with these consumers who keep their promises, especially promises about their core services.

Responsiveness Dimension: Responsiveness means 'willing to help the Consumers'. Responsiveness can be defined as employees willing to help the Consumers and giving the services promptly and within time. This dimension emphasize on attentiveness and promptness in dealing with Consumers request, question complains and problems.

¹<http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/01RTP21113C.pdf> [Accessed on 2nd August 2013].

² Parasuraman, A., Zeithaml, Valerie A. and Berry, Leonard L(1988), *SERVQUAL : A Multiple- Item Scale of Measuring Consumer Perception of Service Quality*, *Journal of Retailing*, 64, No.1, pp. 12-40.



Assurance Dimension: Assurance means ‘inspiring trust and confidence’. Assurance can be defined as employee’s knowledge of the firm if employees have capacity to inspire trust and confidence to the Consumers. Consumers want to do transaction if they feel safe.

Empathy Dimension: Empathy means ‘treating individually’. Empathy can be defined as the casing individualized attention the firm provides its Consumers. Employees should understand the specific needs of their Consumers.

They proposed that the Consumer while going into a service transaction he has certain specific expectations and this expectation he compares it with the actual experience or perception after he receives the service. Based on the length of the gap, he is either satisfied or dissatisfied. If the experience is above the expectation then he is considered to be a satisfied Consumer contrary, if the perception is below the expectations, then he is assumed to be a dissatisfied with service.

2. LITERATURE REVIEW

Hasanbanu (2004) studied the Consumer service in rural banks. He found that the rural Consumers are not aware of the purpose for which loans are available and how they can avail them. Consumers generally do not know the complete rules, regulations and procedures of the banks because the bank personnel do not take interest in educating their Consumers.

Nalini Prava Tripathy (2006) in her study on “A Service Quality Model for Consumers in Public Sector Banks” has remarked that the banks have shifted from “Product-centric model” to a “Consumer centric model” because Consumer satisfaction has been considered as the key determinant of business growth. In this context, she has made an attempt to analyze the factors that are necessary in influencing the investment decision of the Consumers of the public sector banks and also suggested suitable marketing strategies to attract Consumers.

Dash and Kumar (2007) revealed that Consumer’s expectations exceeded their perceptions, with regards to various dimensions of service quality. They further claimed that perception of either positive or negative service quality was related to the Consumer’s future behavioral intentions. Therefore, if a positive quality gap exists, the Consumers would tend to comment positively about the service. On the contrary, a negative quality gap would result in Consumers complaining, switching to other service providers, commenting negatively about the provider or just decreasing the usage of the service. Hence it is recommended that the banks should continuously monitor the service quality levels so as to avoid erosion of service quality and migration or switching by Consumers to another bank.

Sudesh (2007) analyzed that poor service quality in public sector banks is mainly because of deficiency in tangibility, lack of responsiveness and empathy. Private sector banks, on the other hand, were found to be more reformed in this regards. Above all, the foreign banks were relatively close to the expectations of their Consumers with regard to various dimensions of service quality. Further, the study revealed that there existed service quality variation across demographic variables, and suggested that management of banks should pay attention to potential failure points and should be responsive to Consumer problems.

Vimi Jham and Kaleem Mohd Khan (2008) in “Consumer satisfaction in the Indian banking sector” a study conducted amongst five Indian banks, aimed at identifying Consumer satisfaction variables which lead to relationship building, and developing a conceptual framework of relationship marketing practices in Indian banks by capturing the perspectives of Consumers with regard to their satisfaction with various services. The study further concluded that in today’s competitive environment relationship marketing is critical to corporate success of banking business.

Abuj Gupta and Brijesh Rawat (2009) in “Banking services need Overhauling” concluded that banking in India is not only witnessing the rapid changes, but it also facing the harsh competition. Therefore, banks needs to understand the services and their quality management, as it could help them to create the differential advantage vis-à-vis the competitors. Banks have to switch over from a product-centric model to Consumer-centric one. The focus on service excellence can help banks to cut down their costs and increase the efficiency of operations.

Sandip Ghosh Hozra, Dr.Kailash, B.L. Srivastava (2010) in “ Impact of Service Quality on Consumer Satisfaction, Loyalty and commitment in the Indian Banking Sector,” analyzed that a significant difference between public and private banks with regard to Consumer satisfaction, commitment and loyalty banks should focused on assurance-empathy, tangibles and the private sector should focus on providing reliable services.



Mohammad and Alhamadani (2011) found that tangibles, reliability, responsiveness, assurance and empathy had significant influence on Consumer satisfaction and also concluded that the service quality was an important antecedent of Consumer satisfaction.

3. OBJECTIVES OF THE STUDY

1. To analyze the impact of service quality dimensions on Consumer Perception in rural areas of Sabarkantha district.
2. To analyze the impact of demographic factors on Consumer satisfaction in rural areas of Sabarkantha district.

3.1 Hypothesis of the Study

1. H_0 : There is no significant relationship between gender and frequency of visit to the banks.
2. H_0 : There is no significant relationship between gender and services offered by the banks.
3. H_0 : There is no significant relationship between respondents' income level and services offered by the banks.
4. H_0 : There is no significant difference in the overall rural Consumer satisfaction level of private sector banks and public sector banks.

4. RESEARCH METHODOLOGY

4.1 Need for the Study

The views of various committees and researches reviewed in this paper prove that good quality Consumer service is very important for retention of existing Consumers and also for expanding the Consumer-base. Various committees have given various norms and also some researches have been conducted to study the changing dimensions of Consumer in banks. However, different universe and different time periods of study always lead to new knowledge about the new issue.

Similarly, this paper concentrates on satisfaction level of rural consumers with regarding banking services provided in selected rural areas.

In this context problem statement of this research is "An Empirical Study on satisfaction of Rural Consumers for Banking Service Quality in Selected Rural Areas of Sabarkantha District"

4.2 Profile of Universe of the Study

Sabarkantha district comprises of 13 talukas. Total population of Sabarkantha district is 2,428,589 in which rural population is 85.02% and urban population is 14.98%. The literacy rate is 75.79%.³

4.3 Sampling Technique

Cluster sampling and convenience sampling was used for selecting the sample. In the first step Sabarkantha district divided into different talukas and talukas again divided into villages. In second step respondents selected conveniently from selected villages.

4.4 Sample Size of the Study

A total sample of 100 respondents is taken from two talukas Malpur (50 respondents) and Bhiloda (50 respondents) of Sabarkantha District.

4.5 Methods of Data Collection

Primary data was collected with the help of structured close ended questionnaire using SERQUAL approach. In which 22 questions measured Consumer expectation (E) and 22 questions measured Consumer actual perception (P) regarding various service dimensions (Tangibles, Reliability, Responsiveness, Assurance and Empathy).

5. DATA ANALYSIS & INTERPRETATION

Respondents' profile as given in following table gives a detailed description of the respondents' from various angles like gender, age, and occupation and income.

³Census-2011 & <http://Sabarkanthadp.gujarat.gov.in/Sabarkantha/english/jillavishe/distpopulation.html> [Accessed on 12th August 2014]



Demographic Factor	Category	Frequency (N=100)	(%)
Gender	Male	60	60.00
	Female	40	40.00
Age Group	Less Than 18	10	10.00
	18-40	56	56.00
	41-60	24	24.00
	More Than 60	10	10.00
Occupation	Farmer	40	40.00
	Job	18	18.00
	Business	10	10.00
	Daily Worker	22	22.00
	Student	10	10.00
Income (Per year)	up to 25000	57	57.00
	25001-50000	12	12.00
	50001-100000	11	11.00
	100001-200000	10	10.00
	more than 200000	10	10.00

In the table 2 it can be observed that 60% were male and 40% respondents were female. 56% respondents belong to age group 18-40 years, 24% respondents belong to age group 41-60 years and 10% respondents' were less than 18 years of age and 10% respondents belong to more than 60 years of age. As per occupation category 40% respondents were farmers, 18% respondents doing job, 10% respondents having their own business and 22% respondents were daily workers. As per income wise classification 57% respondents income was less or equal to Rs. 25,000 per year, 12% respondents income between Rs. 25,001- 50,000 per year, 11% respondents income between Rs. 50,001-1,00,000 per year, 10% respondents income between Rs. 1,00,001-2,00,000 per year and 10% respondents income was more than Rs. 2,00,000 per year.

5.1 Reliability Test

To assess the reliability of the instruments, the Cronbach (1981) alpha coefficients was calculated and reported in following table:

Cronbach's Alpha	No. of Items
0.795	22

Cronbach's is a coefficient of internal consistency. It is commonly used as an estimate of the reliability of a psychometric test for a sample of examinees. In the table 3 it can be observed that cronbach's alpha value for 22 statements is **0.795** which indicated that reliability of all 22 statements was quite high. Thus, it can be concluded that the measures used in the present study are valid and reliable.

5.2 Gap Score Calculation for SERQUAL Dimensions

Calculation of Unweighted average gap score of five dimensions were reported in following table.

Dimension	Gap Score(E)-Mean Value	Gap Score (P)-Mean Value	Gap Score (E-P)-Mean Value
Tangibles	4.45	3.94	0.51
Reliability	4.95	3.71	1.24
Responsiveness	4.99	3.69	1.30
Assurance	4.76	3.54	1.22
Empathy	4.66	3.51	1.14



In the table 4 it can be observed that rural Consumer given more importance to responsiveness dimension which mean score value was 4.98 but their overall perception for the same dimension was lowest which mean score value was 3.69. So the gap scores (E-P) for responsiveness was also the highest (1.30) with respect to other dimensions. Total gap scores (E-P) for all dimensions shows that there was gap between rural Consumers' expectation and perception which means that rural Consumers' satisfaction level was low for services offered by the various banks.

Now according the expectation importance given by the respondents to various dimensions different weight was allocated from total weight 100 to each dimension which were reported in following table:

Table: 4 : Weight Allocation to Each Dimension		
Sr. No	Attributes	Weight
1	The appearance of the banks physical facilities, equipment, personnel and communication materials. (Tangibles)	16
2	The bank's ability to perform the promised service dependably and accurately (Reliability)	22
3	The banks willingness to help Consumers and provide prompt service. (Responsiveness)	24
4	The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence. (Assurance)	20
5	The caring individual attention the bank provides its Consumers. (Empathy)	18
	Total Weight	100

From the table 5 it can be observed that responsiveness given more importance relative to the other dimensions according to the rural consumers so more weight (24) allocated to this dimension. Same way the second important dimension was reliability allocated less weight (22) then responsiveness. The same procedure followed for the other three dimensions for allocation of weight.

After the allocation of weight to five dimensions next step was to calculate weighted average gap score for each dimension which were calculated and reported in following table:

Table: 5 : Calculation of Weighted Average Gap Scores			
Dimension	Mean Score from table 3	Weight Score from table 4	Weighted Gap Score
Tangibles	0.51	16	8.12
Reliability	1.24	22	27.32
Responsiveness	1.30	24	31.08
Assurance	1.22	20	24.30
Empathy	1.14	18	20.59

In the table 6 it can be observed that rural Consumers given more importance to responsiveness dimension which weighted gap score value was 31.08. It means that rural Consumers expected that banks willingly to help them when they have any problems and confusion regarding services and provide them prompt services. The second important dimension was reliability which weighted gap score value was 27.32. That means rural Consumers more concerned about banks provided them promised services with more accuracy in specified time period. The third and fourth dimensions were assurance and empathy which weighted gap scores were 24.30 and 20.59 respectively. According to the weighted gap score rural consumer was not more concerned about the tangibles dimension which weighted gap score value was 8.12 which was lowest with reference to other dimensions. It means that rural Consumers were not concern about modern looking equipment visually appealing physical facilities of the banks.



5.3 Hypothesis Testing

1. Association between gender and frequency of visit to the bank:

H₀: There is no significant relationship between gender and frequency of visit to the bank.

H₁: There is significant relationship between gender and frequency of visit to the bank.

Table:6: Chi-Square Test			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.846 ^(b)	1	.0102
Continuity Correction(a)	2.471	1	.116
Likelihood Ratio	6.253	1	.012
Linear-by-Linear Association	3.808	1	.051
N of Valid Cases	100		

The chi-square test is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories and the chi-square test of association is used to discover if there is a relationship between two categorical variables. In the table 7 it can be observed that the pearson chi-square value is 3.846 and the asymp sig value is 0.102 is greater than the significance level (0.05). Hence null hypothesis is accepted and thus it can be concluded that there is a no significant relationship between gender and frequency of visit to bank.

2. Association between gender and services offered by the banks:

H₀: There is no significant relationship between gender and services offered by the banks

H₁: There is significant relationship between gender and services offered by the banks.

Table:7 : Chi-Square Test			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.071 ^a	2	.131
Likelihood Ratio	3.979	2	.137
Linear-by-Linear Association	3.745	1	.053
N of Valid Cases	100		

In the table 8 it can be observed that the pearson chi-square value is 4.071 and the asymp. sig value is 0.131 is greater than the significance level (0.05). Hence null hypothesis is accepted and thus it can be concluded that there is a no significant relationship between gender and services offered by the banks.

3. Association between respondents income level and types of services offered by the banks:

H₀: There is no significant relationship between respondents' income level and services offered by the banks

H₁: There is significant relationship between respondents' income level and services offered by the banks

Table:8 : Chi-Square Test			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.999 ^a	9	.002
Likelihood Ratio	29.458	9	.001
Linear-by-Linear Association	4.081	1	.043
N of Valid Cases	100		

In the table 9 it can be observed that the pearson chi-square value is 25.999 and the asymp.sig value is 0.002 is less than the significance level (0.05). Hence null hypothesis is rejected and thus it can be concluded that there is significant relationship between respondents' income level and services offered by the banks



4. Difference between satisfaction level of rural consumer for private sector banks and public sector banks:

H₀: There is no significant difference in the overall rural Consumer satisfaction level of the private sector banks and public sector banks.

H₁: There is significant difference in the overall rural Consumer satisfaction level of the private sector banks and public sector banks.

Pair 1	t-Mean	Df	Asymp. Sig. (2-sided)
Public bank			
Private bank			
t-Mean	4.420	2	.005
Diff.			
Lower	0.049		
Upper	1.308		
N of Valid Cases	100		

The dependent t-test (paired-samples t-test) compares the means between two related groups on the same continuous, dependent variable. In the table 9 it can be observed that t value for overall satisfaction level is 4.420 tested at 0.05 level of significance does not lay between the critical values of 0.049 to 1.308 and sig. (2-tailed) value 0.005 is less than the significance level (0.05). Hence null hypothesis is rejected and thus it can be concluded that there is a significant difference in the overall rural Consumer satisfaction level of the private sector banks and public sector banks.

6. CONCLUSION

On the basis of the analysis, it can be concluded that the level of Consumer services offered by various banks in rural areas of Sabarkantha district below the expectation of rural Consumers. Rural Consumers were more concerned about the responsiveness and reliability of the services and banks were failed to fulfill their expectation and that's why Consumers were not satisfied with their services. Rural Consumer did not much concerned about the tangibles dimension means physical infrastructure of the various banks, so there is no need to focus on modern looking equipment, visually appealing physical facilities of the bank. Banks must pay attention to potential failure points like bank's consistency and dependability in service performance and bank's commitment to providing its service in a timely manner. Banks should train their employees well to dealing with rural Consumers In other words; it amounts to empowering employees to exercise responsibility, judgment and creativity in responding to rural Consumers' problems. Analysis also indicated that there was no significant relationship between gender and services offered by the banks but there was a significant relationship between respondents' income level and services offered by the banks. There is also a significant difference between satisfaction level of public sector bank consumer and private sector bank consumer.

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