

## **THE RELATIONSHIP BETWEEN THE SERVICE QUALITY AND THE CUSTOMER SATISFACTION IN THE PUBLIC BANKING SECTOR: THE CASE OF UVA PROVINCE**

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### **INTRODUCTION**

Banking plays a significant role here. It is essential to find out whether the service is pleasing to the customers due to the intense discomfort in their daily life of the customers. They hope the bank will give its customers high satisfaction because it will be easier for satisfied customers to switch when they get a better offer. It is a considerable investment in market research to identify service quality. Many banks today acknowledge the quality of service through the satisfaction of their clients. The term Service Quality is an association of two different words; service and quality. Service means “any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.” Quality has become a strategic tool for attaining operational efficiency and better business performance (Ramya et al., 2019).

Banking services are essential in human being’s life. The banks have been undergoing operational difficulties owing to the ever-changing technology and expectations of the bank customers. As a result, to provide efficient customer services, banks have used technology as a tool to deliver financial services. The competition is increasing in the banking sector, and customer expectations toward banking services have also increased. Product variation is challenging in the dynamically changing banking sector, as most banks offer similar services. Hence, it becomes essential for banks to differentiate from other banks' service quality (Stamenkov & Dika, 2015) to enhance customer fulfilment. Therefore, this study is appealing and timely important. The findings of this study add new insights to the literature on service quality and customer satisfaction in the public banking sector in Sri Lanka. Moreover, the study findings would have significant implications for policymakers and practitioners in the banking industry in Sri Lanka.

### **METHODOLOGY**

After reviewing the extant literature, the study developed the following conceptual framework (Figure 1), followed the deductive research principles, and adopted a quantitative research method. The study population was all the underwriting bank customers in Uva province. The sample was selected using the “Convenience” method using the non-probabilistic sampling method, which consisted of 200 customers. A structured questionnaire was used to collect the data and was pre-tested to ensure validity and reliability. Correlation analysis and multiple regression analysis were employed in the data analysis.

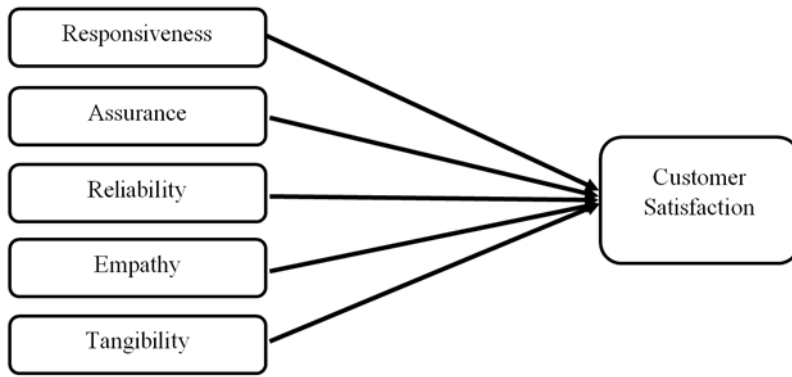


Figure 1 Conceptual Framework

**Responsiveness and Customer Satisfaction:** When banking staff is more responsive to customer needs, customer satisfaction increases (Anjalika & Priyanath, 2018).

**H<sub>1</sub>:** There is a significant relationship between Responsiveness and Customer Satisfaction.

**Assurance and Customer Satisfaction:** Assurance can be defined as the ability of employees to deliver excellent service to the customer and, through that, help the company build trust and confidence for the service provided by the enterprise (El Saghier, 2015).

**H<sub>2</sub>:** There is a significant relationship between Assurance and Customer Satisfaction.

**Reliability and Customer Satisfaction:** Reliability was determined by the accuracy of bank statements, on-time performance service, service delivery and service provision (Priyanath, 2018).

**H<sub>3</sub>:** There is a significant relationship between Reliability and Customer Satisfaction.

**Empathy and Customer Satisfaction:** The essence of empathy is conveying through personalized or customised service that customers are unique and special and that their needs are understood (Morawakage & Kulathunga, 2013).

**H<sub>4</sub>:** There is a significant relationship between Empathy and Customer Satisfaction.

**Tangibility and Customer Satisfaction:** It refers to the appearance of physical factors such as equipment and facilities used by a service company and service employees (Zeithaml, 2000).

**H<sub>5</sub>:** There is a significant relationship between Tangibility and Customer Satisfaction.

## RESULTS AND DISCUSSION

The sig values in the Table 1 were more significant than 0.05; the sample can be assumed as normally distributed. According to Table 1, all significant values of dependent and independent variables were more outstanding than 0.05. Therefore, the data of the selected sample was normally distributed.

Table 1 Test of Normality\_Kolmogorov-Smirnov Test

Variable	Sig
Responsiveness	0.170
Assurance	0.176
Reliability	0.085
Empathy	0.144
Tangibility	0.144
Customer satisfaction	0.185

The VIF value exceeds 10, and tolerance values lower than 0.10 indicate potential multicollinearity problems. As per table 2, all tolerance values of independent variables are more significant than 0.10, and all VIF values are lower than 10.

Table 2 Test of Multicollinearity

Modal 01	Collinearity Statistics	
	Tolerance	VIF
Responsiveness	0.589	1.697
Assurance	0.852	1.174
Reliability	0.176	5.682
Empathy	0.491	2.035
Tangibility	0.151	6.635

Dependent Variable: Customer satisfaction

According to below Table 3, Cronbach's values of all dimensions of the dependent and independent variables are more significant than 0.7. Therefore, all variables are acceptable and highly reliable, and questions are internally consistent with the research study.

Table 3 Reliability of Study

Variable	Items	Crochbach Alpha	Result
Responsiveness	06	0.704	Good
Assurance	06	0.911	Very Good
Reliability	06	0.816	Good
Empathy	06	0.730	Acceptable
Tangibility	06	0.769	Acceptable
Customer Satisfaction	10	0.904	Very Good

According to Table 4, all mean values in the dependent and independent variables are 2 - 3. It shows that many of the respondents to the survey have given unsatisfactory answers to all the variables. Moreover, the Skewness of all variables lay between +1 and -1. That means the data are approximately normally distributed.

Table 4 Descriptive Statistics

	Mean	SD	Skewness
Responsiveness	2.15	0.577	0.654
Assurance	2.45	0.356	0.296
Reliability	2.68	0.720	-0.401
Empathy	2.38	0.533	0.518
Tangibility	2.93	0.602	0.040
Customer Satisfaction	2.45	0.524	0.370

Table 5 Correlation between Components of Service Quality and Customer Satisfaction

	Res	Ass	Rel	Emp	Tan	CS
Res Pearson Correlation	1.000					
Ass Pearson Correlation	0.341**	1.000				
Rel Pearson Correlation	0.388**	0.280**	1.000			
Emp Pearson Correlation	0.600**	0.289**	0.412**	1.000		
Tan Pearson Correlation	0.363**	0.238**	0.890**	0.560**	1.000	
CS Pearson Correlation	0.343**	0.319**	0.670**	0.653**	0.596**	1.000

\*\*Correlation is significant at the 0.01 level (2-tailed).

Table 5 shows that the Pearson correlation coefficient of Responsiveness (3.43) and assurance (3.19) has a positive and weak relationship with customer satisfaction. Moreover, the significance values were 0.000, which was significant at 0.01. The reliability (0.670), empathy (0.653), and tangibility (0.596) have a positive and moderate relationship with customer satisfaction. As per Table 6 below, three independent variables were significant at the level of 0.05, and remain two were not significant at the level of 0.05. It can be concluded as Reliability, Empathy and Tangibility had a significant positive impact on customer satisfaction, and Assurance and Responsiveness control had not a significant impact on customer satisfaction.

Table 6 Multiple Regression Analysis

Multiple Regression Analysis						
Model		Unstandardized Coefficient		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1		Constant			3.422	0.000
	Res	0.791	0.231			
	Ass	0.026	0.049	0.029	0.539	0.591
	Rel	0.037	0.066	0.029	0.560	0.576
	Emp	0.660	0.072	0.907	9.195	0.000
	Tan	0.546	0.058	0.555	9.401	0.000
		0.468	0.093	0.538	5.048	0.000

a. Dependent Variable: Customer satisfaction

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

$$Y = \alpha 0.026X_1 + 0.037X_2 + 0.660X_3 + 0.546X_4 + 0.468X_5$$

In this study, five hypotheses were tested to identify the impact of independent variables on dependent variable and results of the correlation analysis and regression analysis can be summarized as follows.

Table 7 Summary of Hypothesis Testing

Hypothesis	Pearson Correlation	Multiple regression Analysis
<b>Hypothesis 1:</b> There is a Significant Relationship between Responsiveness and Customer Satisfaction.	Accepted 0.000	Not Supported 0.591
<b>Hypothesis 2:</b> There is a Significant Relationship between the Assurance and Customer Satisfaction.	Accepted 0.000	Not Supported 0.576
<b>Hypothesis 3:</b> There is a Significant Relationship between the Reliability and Customer Satisfaction.	Accepted 0.000	Supported 0.000
<b>Hypothesis 4:</b> There is a Significant Relationship between the Empathy and Customer Satisfaction.	Accepted 0.000	Supported 0.000
<b>Hypothesis 5:</b> There is a Significant Relationship between the Tangibility and Customer Satisfaction.	Accepted 0.000	Supported 0.000

## CONCLUSIONS AND IMPLICATIONS

The main objectives of this research were to identify the service quality and customer satisfaction of the Public banks in the Uva Province. The results proved that these dimensions increase the trinity and lead to increased customer satisfaction. In the case of banks, customer satisfaction can increase in response to their employee behaviour, employee politeness, and employee knowledge and skills. Responsiveness should be very high to increase customer satisfaction in the banking sector. More over, the bank can provide prompt service, timely service, and prompt response to customer requests. In addition, the customers' reputation and the bank's loyalty should also a crucial points in bank customers satisfaction. This study has become a cross-sectional study. However, a prospective research would be more appropriate to determine the causal pathways of the variables studied, thereby providing a better understanding of how service quality perceptions relate to satisfaction and loyalty. Further inquiries in the future will examine customer satisfaction for service needs and requirements as well as specific customer types. This was an important way of market segmentation.

**Keywords:** Assurance, customer satisfaction, empathy, reliability, responsiveness, tangibility

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