

CHAPTER I

INTRODUCTION

1.1 Background of the Study

This chapter introduces the phenomenon under study. It consists of the background of the study, problem statement, objectives of the researcher in carrying out the study and the importance of the study to the organization in which the study is conducted. The chapter finally outlines the structure of the thesis. Consumers all over the world have become more quality conscious; hence there has been an increased customer demand for higher quality service. Service operations worldwide are affected by this new wave of quality awareness and emphasis (Lee 2004). Therefore service-based companies like the banks are compelled to provide excellent services to their customers in order to have sustainable competitive advantage, especially in the current trend of trade liberalization and globalization.

High patronage of services depends on the satisfaction customers derived from a service. Sales are directly related to customer satisfaction; sales increase requires improvement in the quality of service delivery to encourage continuous patronage. Generally, it is believed that services which continuously and consistently delight customers make them happy and satisfied. In such situation, they become loyal customers and will continue to demand the service which in turn will result in profit and growth of an organization. As a consequence, there is a shift in quality focus from the original producers point of view, which goes under different names such as “service-based quality” (Garvin, 1984), “objective and subjective quality” (Shewhart, 1931 cited in Summers 2005), and “operations management quality” (Steenkamp, 1990) towards the customers base quality, recognizing quality as a subjective matter (Summers, 2005). Subjective quality has received much preference and attention, especially in free-market economies (Kondo, 2000), so as to win customers.

According to Saravan and Rao (2007), service quality remains critical in the service industries, as businesses strive to maintain a competitive advantage in the marketplace and achieving customer satisfaction. The financial services, particularly banks, compete in the marketplace with generally undifferentiated products; therefore service quality becomes a primary competitive weapon (Stafford, 1996). Literature has proven that providing quality service delivery to customers retains them, attracts new ones, enhances corporate image, lead to positive referral by word of mouth, and above all guarantees survival and profitability (Negi, 2009; Ladhari, 2009).

Despite the criticality of service quality to businesses, measuring service quality poses difficulties to service providers, because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability (Bateson, 1985; Douglas & Connor, 2003). In view of this, services require a distinct framework for quality explication and measurement. Among the prominent frameworks, SERVQUAL model developed by Parasuraman et al. (1985; 1988) is most preferred and widely used model for measuring service quality in the service industry.

1.1.1 Definition of services

A uniform definition of service has not been developed up to this day. Beside theoretical constructions, several classification structures are accepted in the professional literature. The most accepted definition approaches the concept from the activity side of the service. Pursuant to this approach service „is the result of such activities, which facilitate that the condition of a person, object, information –maybe process– is maintained (repaired), forwarded, stored, supplemented, improved or transformed, without changing its basic character. The result of the service usually cannot be stocked up, and no new product in a physical-objective form is produced. Rather the conduct directly satisfies the common personal or communal needs of persons and the society, as well as the demands of the production process” (Papp, 2003). Pursuant to the Classification of Services (2003): „service is the result of the activity which satisfies needs typically by establishing a direct connection with the customer.

It usually does not take a physical-material form, rather is manifested by improving or maintaining the condition of economic units, objects or persons”Pursuant to Kotler „service is an act or performance provided by one party to the other which fundamentally is not materialized and does not result in creating ownership over things. Its production is either connected to the physical product or not.” (Kotler, 1998). According to this definition there are five groups:

-) Clearly physical product (e.g. computer);
-) Physical product with collateral services, where the services are connected to the materialized product (such as services connected to selling computers e.g. maintenance warranty services);
-) Hybrid offer, where the offer is a mixture of the physical product and the services (such as clothing store which offers alteration);
-) Material service with minor collateral services and physical products (such as wellness hotel service, containing the hotel service, physical products and other collateral services (catering, pool services);
-) Clearly service, such as consultancy.

A definition of service – in line with concept the ISO 9000:2000 standard-family may also be derived by defining the procedure. Procedure is the series of activities which transform inputs to outputs. Accordingly, from a certain input, via the service procedure a certain output is formed in case of services too. Service can be interpreted as the result an activity that takes place where the supplier and the customer interact with each other, and generally is not tangible. (Róth, 2006).

Accordingly service can be:

-) An activity carried out on the tangible product provided by the customer (cloth cleaning)
-) An activity carried out on the intangible product provided by the customer (accounting)
-) providing, creating intangible product to /for the buyer (education, healthcare)
-) providing, manufacturing tangible product to the buyer (commerce, postal service)

Parányi holds that the fundamental element of the service is that "the service process contains at least one activity, which must take place by the service provider and buyer meeting personally or via telecommunication." (Parányi, 2005). I argue that from the aspect of service quality measurement, the definition of quality needs to be result- and procedure-oriented at the same time, since customers judge not only the result of the services, but the process of the service provision is considered too. From the aspect of describing service quality and developing a decision support model aimed at improving service quality, the act of providing the service, is the main component. The service itself is provided in the course of the service provider and buyer interacting personally or via telecommunication. As a result of synthesizing the definitions presented by the thesis, in my interpretation service means more than the mere result of an activity (service-result); it is an interactive process (service-process) as well. Service means the process aimed at meeting customer expectations, which is fundamentally based on the direct or indirect interaction of the customer and the supplier. The result of the service typically manifests itself in an intangible form.

1.1.2 Quality

Parányi (2003, 2006) describes the change of the concept of quality in light of the historic development. Quality originally was connected to tangible products and as supported by Juran's "fitness for use" (Juran, 1988) and Crosby's "zero defect" theory (Crosby, 1979). Later this interpretation expanded lineally as well and experts started to apply the concept of quality (and its criteria) to all elements of the production chain, creating products or services, rather than to one product. In other words, they addressed the quality of the entire production or consumption process (e.g. in assessing the quality of a product, the production-, sale-, and customer service procedures are taken into consideration as well). Feigenbaum defined the quality of a product or a service as „the total composite product and service characteristics of marketing, engineering, manufacture, and maintenance through which the product and service in use will meet the expectations of the customer" (Feigenbaum, 1991).

The subsequent development was characterized by a shift towards the service quality of intangible products (such as research and development, engineering). As the significance of services in the economy skyrocketed, quality too started to have an ever-expanding importance in the sector. Quality was interpreted relevant to the full spectrum of the service sector: from industrial services (e.g. telecommunication), through personal and small-business services (e.g. hair salons) to public services (such as education and health care). One constant component of the quality definitions is meeting customer expectations or demands. Be it a product or a service, suitability to meet customer demands is a significant, if not the most important, element of the concept of quality.

As Freund put it: "the characteristics of a product or service that bear on its ability to satisfy stated or implied needs" (Freund, 1985) Pursuant to Deming's interpretation, quality „exceeds" the expectations of the buyer during the lifetime of product (or service). In his opinion the concept of quality has no meaning, unless it composes (frames) the expectations of buyers (Deming, 1986). While according to the traditional interpretation, quality meant compliance with internal prescriptions and standard; then it was identified with suitability for use; in the most current interpretation of the word, quality means not simply meeting or exceeding buyer needs, rather meeting or exceeding environmental, social expectation. Today "quality is construed in a more comprehensive manner; it refers to the entire organization (company, instrument), its environment, infrastructure and the society as well. Organizational, social culture as well as the category of life-quality gain true quality content." (Parányi, 2006).

1.1.3 Service Quality

There is no one unambiguous definition of quality. It has different meanings for different individuals mostly due to its subjective nature. Through tracking the development of the concept of quality, I present the different approaches followed by the different researchers (the five approaches of Garvin (1988), the process quality theory of Veress (1996), the strategic quality interpretations of Tenner and deToro(1992)), and by synthesizing those, I outline my own definition, which I apply in this thesis too.

I outline the concept of services on the basis of several Hungarian and international approaches (Kotler, 1998 and Róth, 2006) and service-typology (sectoral, marketing,

statistical and economic approach), and by construing those, I describe the field relevant for the purpose of this thesis: the field of retail services. The interpretation of service-quality largely depends on certain characteristics of the service (such as intangibility, uniqueness, inseparability, unsustainability).

Subsequent to giving a detailed presentation thereof, as well as analyzing their effects, I introduce the most persistent service-quality approaches found in the professional literature – among them the interpretation originating from the so-called Gap- model (Parasuraman et al., 1988) - and define the service-quality concept applied in my thesis.

2.1.4 Banking Services

Basically, banking is a business that is registered to accept deposits from the public and make out loans. Technically, banks mobilize funds from the surplus units and channel it to the deficit units of the economy (Lockett, 1994). The objective of this fund channelling is to earn profit. This function makes banks one of the most important financial intermediaries in every economy and also assists Central Banks in achieving their monetary policies. Banks earn money in servicing beyond selling money. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

1.2 Statement of the Problem

The trade liberalization and globalization have resulted in keen competition among firms and industries. The Ghanaian banking industry is not exempted especially with the proliferation of banking and financial institutions in the country. With the availability of goods and services, organizations need proactive strategies, the absence of which can lead to a steady decline of market share (Collier, 2006). Researchers recommend making service quality a cornerstone of an organization's marketing strategy in order to ensure successful business (Asubonteng et al., 1996; Collier, 1991).

Customers have become knowledgeable and this has gradually led to a greater degree of “consumer sovereignty” (Blanchard & Galloway, 1994), when making a choice. Customers’ choice of a bank over another is based on several factors such as the location, interest rates, quality of service delivery and the bank's reputation. However, service quality is seen as one of the key factor and thus has received considerable attention by organizations. Stafford (1996) opines that the financial services, particularly banks, compete in the marketplace with generally undifferentiated products, therefore service quality becomes a primary competitive weapon. The banking industry is highly competitive; banks do not only compete among each other; but also with non-banks and other financial institutions both local and foreign (Kaynak and Kucukemiroglu, 1992; Hull, 2002).

In the quest to improve its services, retain and attract customers, Merchant bank has introduced innovative measures like extended business hours, ATM network, internet banking, improved banking hall facilities among others, all in the interest of enhancing customers comfort. These efforts which aim at bringing satisfaction to the customers seem to be futile. Customer's preferences and expectations seem not to match up with the bank's initiatives. There is incessant complaint of long waiting at the banking hall, failure of network system and Automatic Teller Machines; and defection to other banks.

The emerging situation calls for the assessment of service quality in relation to customer expectation and service performance to help Commercial Banks to improve its service quality and enhance satisfaction so as to ensure customer retention. The problems especially Commercial banks of Nepal have been present briefly as under.

1. What is the Relationship of service quality and Customers Satisfaction?
2. Is there good Service quality in Commercial banks in Nepal?
3. Does the Service quality affect the bank's reputation?
4. Does the Service quality strategy of Commercial Banks are successful to utilize?

1.3 Objectives of the Study

My thesis has dual purpose. On one hand, I attempt to determine a retail service quality scale applicable and valid in the Commercial bank in Nepal on the basis of the available service quality models. On the other hand, I would like to set forth the conceptual basis of a decision support model based on the above method. The task set by this thesis is rather complex and to accomplish that, multi-disciplinal research methods have to be applied. Retail service quality is directly assessed by the customer, thus determining the adequate service quality measurement model and thorough testing, is of fundamental importance. The field of consumer expectation and service quality is examined by the disciplines of marketing (service-marketing) and service management. Quality-management plays an important role in determining the concept of quality, the direct and indirect connections of service and quality, and the relation of service quality and organizational performance. It is especially true for researching models to support potential quality improvement. The specific fields of decision theory and the principles of decision support are important for the practical development of a decision support system aimed at improving retail service quality.

The main objective of this study is to analyses the Service Quality Management in the Commercial Bank in Nepal. Beside this the other objectives are as follows:

1. To analyses the Service Quality in the Commercial Banks in Nepal.
2. To analyses Customers view of the Service Quality in the Commercial Bank in Nepal.
3. To analyses Employees view of the services quality in the Commercial Bank in Nepal.
4. To help Commercial Banks to improve its service quality.

1.4 Significance of the study

This study identifies quality dimensions significant to Commercial Bank to enable the bank to develop strategies to improve the quality of service delivery. This will enhance the Bank's competitive position in the banking industry and ensure survival of the bank, especially in this era of keen competition. By measuring the satisfaction level of

customers, Commercial Bank can develop customer-centric service approach to deal with customers in order to avoid the tendency of existing customers switching to a competing bank. By identifying what customers expect and perceive to be quality, Commercial Bank can revise, redesign or repackage its service operations and tailor them to meet the perceptions and expectations of the customers. By this the services delivered will bring satisfaction to the customers and make them stay while attracting new ones. Customers have become quality conscious, so they compare service offering of companies and will opt for superior quality services. The study will serve as a guide for Commercial Bank to develop policies which will improve its overall service delivery, especially in areas where gaps between expectations and perceptions are so wide to enhance customer satisfaction. This will give Merchant Bank a comparative advantage and the most preferred bank in the banking industry. By virtue of improved services, banks and companies alike can benchmark the policies and strategies of Commercial Bank for their quality improvement programmes leading to overall improvement in the banking sector and possibly translate to other sectors of the economy.

Lastly, the study will serve as a guideline for further research in service quality in the banking industry or related field.

1.5 Theoretical Framework of the Study

1.5.1 Theoretical Framework

The Service Quality Management in the Commercial banks in Kathmandu District is studied. From the literature discussed above the theoretical framework that can be empirically tested are drawn as under:



1.5.2 Conceptual Framework

Tangibles

Tangibles: Appearance of the company's facilities, equipment's, staff and communication tools.

The tangibles encompass the appearance of the company representatives, facilities, materials, and equipment as well as communication materials. The condition of the physical surroundings is seen as tangible evidence of care and attention to detail exhibited by the service provider (Fitzsimmons & Fitzsimmons, 2001). Davis et al. (2003) summarize tangibles as the physical evidence of the service.

Reliability

Reliability: The company's capability to provide the promised services in an exact and reliable manner.

The reliability and consistency of performance of service facilities, goods and staff is seen as important (Johnston, 1997). This includes punctual service delivery and ability to keep to agreements made with the customer. According to Fitzsimmons and Fitzsimmons (2001), reliability is the ability to perform the promised service both dependably and accurately with error free.

Responsiveness

Responsiveness: The company's propensity to assist the clients and provide prompt services.

Johnston (1997) describes responsiveness as the speed and timeliness of service delivery. This includes the speed of throughput and the ability of the service to respond promptly to customer service requests, with minimal waiting and queuing time. Fitzsimmons and Fitzsimmons (2001) argue that when the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of quality. Conversely, the ability for the bank to recover quickly when service fails and exhibit professionalism will also create very positive perceptions of quality.

Assurance

Assurance/promise: The information, knowledge, politeness of the employees of the company and their capability to convey trust and reliability towards clients.

This considers the knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer and the general attitude that the server has the customer's best interest at heart (Fitzsimmons & Fitzsimmons, 2001).

Empathy

Empathy: Personal, careful attention given to clients.

According to Chase et al. (2001), empathy is the provision of caring, individualized attention to customers. Fitzsimmons and Fitzsimmons (2001) posit that empathy includes approachability, sensitivity, and effort to understand the customer's needs. Johnston (1997) describes empathy as the ability to make the customer feel welcome, particularly by the contact staff.

1.6 Limitation of the Study

This study is social psychological study which tries to explore the attitude of the employees towards the Service Quality Management in the Nepalese Commercial Bank. Therefore it has some constraints on which the whole study has been conducted which are follows:

-) This study is mainly based on Service Quality Management of the Commercial Bank in Nepal.
-) The study has been conducted based on the primary data only.
-) There is another limitation of this study that is the respondents of this study are only the officer level staffs in Commercial banks.
-) Only the financial sectors specially the banking sectors have been used as population and sample has been drawn from the Kathmandu Commercial banks only.

1.7 Organization of the study

This thesis is organized into five major chapters.

Chapter – I

This chapter is introductory and organized as background, focus of the study, statement of the problem, objective of the study, significance of the study, limitation of the study and organization of the study.

Chapter – II

The second chapter consists the available literature review. It includes the review of books, review of related journals and thesis. The review of literature conducted in this chapter provide frame with help of which this study has been accomplished.

Chapter – III

This chapter is about the research methodology. It includes research design, nature and sources of data, population and sample and method of analysis. Method of analysis includes the tools applied to analyse and interprets the data.

Chapter – IV

This chapter includes the presentation and analysis of data. In this chapter the researcher includes the interpretation of the information collected from the respondents. Various statistical and mathematical tools are used to draw the conclusions.

Chapter – V This chapter is the last chapter and includes the summary, conclusion and recommendations of the study.

At the end of the research bibliography and appendices have been included.

CHAPTER II REVIEW OF LITERATURE

This chapter reviews works done on Quality Management theoretically. The review focuses on the overview of concept of quality, concept of service, service quality, service quality measurements and models, customer satisfaction, and the role of service quality in ensuring customer satisfaction and retention. This chapter will further present service quality concept adopted in this study and explain in detail the constructs of the study.

2.1 Concept of Quality

The word "quality" is frequently used to describe products and/or services. It connotes different meaning to different people and organizations, and therefore lacks universal definition. As a result there have been numerous definitions of quality from literature in an attempt to establish a common understanding. Until recently, the concept of quality was heavily associated with product. Thus, quality issues became prominence in the manufacturing era and that majority of the quality definitions possess product characteristics. Quality was initially seen as a defensive mechanism but it is seen as a competitive weapon for developing new markets as well as increasing market share (Davis et al, 2003).

2.1.1 Definition of Quality

Numerous researchers and scientific associations have tried and are trying to define the concept of quality based on different aspects. It is safe to say, however, that as of this day we do not have one uniform definition. The main reasons of it are found in the below characteristics of the quality (Veres, 2005, p. 68.): quality is objective and subjective at the same time, it can only be generalized to a limited degree, among its factors there are specifications, which can be measured; and others, that only can be appraised, quality can mean a technical-efficiency level and any departure therefrom (condition), it has perceivable use effects and effects that the purchaser does not consciously perceive.

2.1.2 Development of the Definition of Quality

Parányi (2003, 2006) describes the change of the concept of quality in light of the historic development. Quality originally was connected to tangible products and as supported by Juran's "fitness for use" (Juran, 1988) and Crosby's "zero defect" theory (Crosby, 1979). Later this interpretation expanded lineally as well and experts started to apply the concept of quality (and its criteria) to all elements of the production chain, creating products or services, rather than to one product. In other words, they addressed the quality of the entire production or consumption process (e.g. in assessing the quality of a product, the production-, sale-, and customer service procedures are taken into consideration as well). Feigenbaum defined the quality of a product or a service as „the total composite product and service characteristics of marketing, engineering, manufacture, and maintenance through which the product and service in use will meet the expectations of the customer” (Feigenbaum, 1991).

The subsequent development was characterized by a shift towards the service quality of intangible products (such as research and development, engineering). As the significance of services in the economy skyrocketed, quality too started to have an ever-expanding importance in the sector. Quality was interpreted relevant to the full spectrum of the service sector: from industrial services (e.g. telecommunication), through personal and small-business services (e.g. hair salons) to public services (such as education and health care). One constant component of the quality definitions is meeting customer expectations or demands. Be it a product or a service, suitability to meet customer demands is a significant, if not the most important, element of the concept of quality. As Freund put it: "the characteristics of a product or service that bear on its ability to satisfy stated or implied needs" (Freund, 1985) Pursuant to Deming's interpretation, quality „exceeds" the expectations of the buyer during the lifetime of product (or service). In his opinion the concept of quality has no meaning, unless it composes (frames) the expectations of buyers (Deming, 1986). While according to the traditional interpretation, quality meant compliance with internal prescriptions and standard; then it was identified with suitability for use; in the most current interpretation of the word, quality means not simply meeting or exceeding buyer needs, rather meeting or exceeding environmental,

social expectation. Today “quality is construed in a more comprehensive manner; it refers to the entire organization (company, instrument), its environment, infrastructure and the society as well. Organizational, social culture as well as the category of life-quality gain true quality content.” (Parányi, 2006).

2.1.3 Approaches to Definition of Quality

Majority of the definitions are originated by the etymological interpretation, which holds that quality is a status, a characteristic, the fitness or the value of performance. In Garvin`s definition quality means the totality of the above factors (Garvin, 1984). Among the multiple definitions of quality, beside the above comprehensive interpretation, further interpretations are possible according to the direction or the main factor of the definition. Garvin (1988) on this basis defined the five quality approaches as follows:

A – Conformance with standards

B – Conformance with practical needs

C – Conformance with customer`s needs

D – Conformance with customer`s latent needs

E – Conformance with corporate culture, environmental and social expectations

(This definition is corresponding to the definition accepted by the American Society for Quality.)

Transcendent: quality can only be determined by empirical experiences, e.g. we can only judge the work of a fine artist (the work quality) if we look at his work.

Product-based approach: quality is defined by the existence or lack of certain characteristics. If the product or quality – from the viewpoint of the person making the judgment – has advantageous, desirable characteristics, the customer will find it a high quality product or service.

Manufacturing-based approach: quality means that the product or the service in the course of manufacturing conforms to the predetermined expectations and specifications. If the specifications are not met, the quality is poor. This approach presumes that the product or service specifications are closely connected to the buyers` expectations, and compliance with those will determine customer satisfaction.

User-based approach: quality is determined by the user. Meeting the customer's expectations is the central criteria of the concept of quality. This approach is parallel to the "marketing concept" of Kotler (1998), which states that the primary objective of an organization is to fully satisfy the customer.

Value-based approach: quality is determined by the rate of the efforts, the customer must exercise to receive the service or to possess the product (e.g. money, searching) and the gain (value) derived from using the service or acquiring the product. Acquiring a certain product at a reasonable price will make the customer perceive that quality is higher (feeling that it is worth it), than purchasing the same product at a high price.

2.1.4 Process Quality

Veress determines quality as the quality of the overall production-consumption procedure. Veress maintains that: "the quality of the production-consumption process is the judgment of those interested in the production-consumption procedure (the consumer, the producer and the society) on the value of the above procedure as influenced by the environment of the connection existing between the procedures (e.g. the development of market economy, the organizational structure of the state administration and that of the market economy)" (Veress, 1996). Besides the subjective characteristics of the quality, he includes the factors of the reliability of the procedure (the expected time of procedure's, faultless operation) and the safety of the procedure (whether the procedure contains no danger for the concerned parties).

The definition of quality needs to be separated from the concept of fitness. He maintains that "the procedure (product, system) is fit if it meets the provisions of the given requirement system" (Veress, 1996). However, in the assessment of customer, compliance with the criteria does not necessarily equal to quality (Veress, 1996).

2.1.5 Strategic Quality

As we could see, there are several theories on quality, but –regardless of the chosen definition – we must avoid interpreting it as a well-sounding but empty phrase. On the organizational level quality and quality-consciousness is a strategy, which is implemented in the organization, pervading and following the procedures. Tenner and

DeToro held that quality is “basic business strategies that provides goods and services that completely satisfy both internal and external customers by meeting their explicit and implicit expectations”(Tenner and DeToro, 1992).

Product or Service Features

The British Standard BS 4778 defines quality as the totality of features and characteristics of a product or service that bear on its ability to satisfy a given need (Wille, 1992). An organization identifies a need in the market and produce with the mind to fulfil that need. When the need is satisfied, such organization is deemed quality organization. However, it is argued that who describes the need limiting the need rather than generalizing it.

Fitness for Use

Juran (1988) defines quality as “fitness for use”. The definition raises the question of who defines fit and use. The only way a product is said to be fit is when it has been tried and tested or used. A company can test a product and approve it as fit for use but a customer may disapprove it. This definition considers standard as the key element for quality. When a product is certified it is described as fit for use.

Conformance to Requirements

Crosby (1979) defines quality as conformance to requirements. The definition maintains that when a company sticks to the pattern provided by the customers, such product or service is deemed quality. Before the product or service is said to conform to requirement, it should be devoid of defects, meets all deadlines and ensures proper safe delivery. This definition is critiqued of its sufficiency; the requirement is seen as limited. The provider is likely to settle on just meeting the specification while another may come up with product or service which will better suit the underlying requirements of the customers. In other words, the customers may lack technical expertise to provide accurate specification and something better will be welcomed.

Associated Features of Product or Service

According to Feigebaum (cited in Rao et al., 1996), quality is the total composite product and service characteristics of marketing, engineering, manufacturing and maintenance through which the product and service in use will meet the expectation of the customer.

The definition establishes that a product or service must be adequate in all aspect in order to meet the intended purpose or use.

Delighting the Customer

Macdonald and Piggott (1990) define quality as delighting the customer by continuously meeting and improving upon agreed requirements. Harrington (1987) argues that excellence is a never ending, so good is not good enough until good is better and better is best. Firms should forever improve in order to maintain their customers. When customers a delighted, it is difficult for them to be swayed. This is one of the definitions which has received credence since it considers customers requirement and at the same time requires the provider to look beyond the requirement to areas which will bring the optimum.

2.1.6 Categories of Quality Definition Approaches

Garvin (1980 cited in Rao et al, 1996) in an attempt to establish a common understanding of quality from the numerous definitions categories the definition into five approaches: transcendent, product-based, user-based, manufacturing-based and value-based. The transcendent approach defines quality as achieving or reaching for the highest standard as against being satisfied with mediocrity. Such quality is seen in artwork and literature. Product of this quality description may not appear quality to everyone.

The product-based approach identifies specific measurable features or attributes to indicate high quality. With the user-based approach, the user is the determiner of quality of a product or service. The approach links customers“ satisfaction to quality; when the product or service satisfies the user, it is described as high quality. The manufacturing-based approach describes quality much the same as Crosby as “conformance to requirement”. Thus quality depends on the closeness of the product or service to the specified requirement. The specification provides standards (control limits) for tolerance (Rao et al., 1996).

The value-based approach defines quality as the degree of excellence at an acceptable price and the control of variability at an acceptable cost. There is a view that purchasing decision involves trading off the quality against the price. They sought for value – more features, better reliability and more support for their money. In other words, choice of a

particular product depended on the value the customers derived from the product (Rao et al., 1996).

2.1.7 Emerging Quality Description

The accelerating expectation of the customers coupled with the rebuilt of many manufacturing systems and the edge to meet the expectations resulted in organizations considering improvement decision as pertinent. During these periods quality was described as “little q”, which meant product quality. With the proliferation of service industries, a new quality movement emerged and was labelled as “big Q” (Smith, 1994). Quality which was seen as a defensive mechanism is recognized as a competitive weapon for developing new markets as well as increasing market share (Davis et al, 2003).

Smith (1994)Gummesson (1994) identifies three management paradigms; manufacturing paradigm which focuses on goods and mainly concerned with productivity technical standards; the bureaucratic-legal paradigm used mainly in the public sector and is more concerned with regulations and rituals before end results. The third paradigm is the service paradigm which mainly focuses on service management particularly in the marketing area and stresses the importance of customer interaction with service provider in delivering service and creating value. The service paradigm emphasizes a shift from the goods-focused to service-focused management.

2.1.8 Conclusions Relevant to Quality Definitions

The ISO 9000 quality management system provides a general interpretation of quality. The technical dictionary (ISO 9000:2005) defines quality as the "degree to which a set of inherent characteristics fulfills requirements". In this format the definition reflects the general nature of the standards, and requires explanation at many points depending on the field of application. The definition can be interpreted relevant to the production/service procedure and to the result of the procedure. According to the premise of the definition, quality is an overall value, derived by comparing the expectations and the inherent characteristics; but because of its general nature, it is not clear which are the examined characteristics, and what expectations those have to meet. In case of products (both tangible and intangible) these are objectively determined requirements. In case of

services subjectivity is significant, because circumstances are determined not only by the individual, but the service and its environment too. In connection with physical or other (such as intellectual) products and their production, the characteristics to be assessed are often clearly identifiable (such as screw nuts, where the characteristics are determined by standards (such as diameter, thread etc.) In comparison, in case of services (which are based on the interaction of the individual and the organization, and where the role of the subject is stressed) intrinsic characteristics are also determined by the process of the service, the result, the geographical place, or the culture of the place where the service is provided, and this makes any generalization problematic.

In this thesis, based on the relevant professional publications, I accepted the following comprehensive definition of quality (which in my opinion is a comprehensive definition of high information value):

Quality means the comprehensive value judgment of the customer rendered in connection with a given unit, expressed by the degree of meeting or exceeding the material internal and external specifications relevant to the unit, as perceived by the customer. Intrinsic characteristics are determined by the organization and the objective features determined by entities surrounding the organization (e.g. sectoral standards, internal rules, social expectations etc.) External qualities are rather determined by subjective customer expectations and preferences relevant to the unit. The factors determining quality may of course change on an individual basis.

2.2 Concept of Service Quality

The concept of service quality originates from consumer behaviour and confirmation/disconfirmation paradigm (Gronroos, 1992). The paradigm postulates that customers compare the quality of the product after usage to that of their expectations before usage (Swan and Comb, 1976), and indicate their satisfaction/dissatisfaction with the products or services purchased (Woodruff et al., 1983). Literature maintains that customers evaluate service quality by comparing the service provider's actual performance "perception" with what they think service performance would be "expectations" in their service experience (Gronroos, 1982; and Lehtinen, 1982).

Service quality is defined as customer perception of how well a service meets or exceeds their expectations (Czepiel, 1990) or the degree of discrepancy between customers' normative expectation for service and their perceptions of service performance (Parasuraman et al., 1985). Many practitioners define service quality as the difference between customer's expectations for the service encounter and the perceptions of the service received (Munusamy et al., 2010). Customer expectation and perception are the two key ingredients in service quality. Oliver (1980) posits that customers judge quality as low if performance (perception) does not meet their expectation and quality as high when performance exceeds expectations.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Background

This chapter elicits the adopted methodologies and statistical instruments to obtain the stated objective of the study. Basically, it explains the research design used in this study. It elaborates the samples and selection process, data collection and nature of source of data, analysis procedure and the test statistic that are used on the study.

Basically it is an exploratory type of research study pursuing survey design. It has included employees of various levels working in Nepalese Commercial banking sector as the respondents of this study. Primary data are used to fulfill the objectives of the study. Opinion survey technique is adopted for collecting primary data. Suitable tools and techniques are employed for the study. For research purpose various statistical tools are used. It tabulated and analyzed collected data using SPSS software and used mostly descriptive and analytical tools. The following section contains the discussion on the design of the study, various sources of data, a description of research instrument and the methods to collect and analyses the data detail of research methodology followed in the present research is presented below.

3.2 Research design

This research is basically exploratory in nature rather than confirmatory which was undertaken by following descriptive cum survey research design. Numbers of literature were reviewed to identify the Service quality management in Commercial banks. Survey data were collected from the multiple employees of respondent by using sets of questionnaire.

Questionnaires were administered to the varieties of employees in each unit of Commercial bank that contains the Service quality management and the respondents were asked to give their opinion about the prevailing situation of Service quality Management in each domain. Questions were structured with the five point Likert scale to know the

opinion on the practices and some performance variables are furnished to understand the opinion in the concerned issues.

3.3 Population and Sample

In this study all Commercial banking sector were considered as the population. Nepalese Commercial banking employees were defined as the sample population. They were selected judgmentally. Among the large number of population of organizations and individuals ten banking institutions and 100 individuals comprising of the employee and head of the organizations were selected as the sample of the study. The name of the organizations and individuals covered in the study are given in the table below. In addition, the table also presents the number of questionnaire distributed and the number of usable questionnaire received.

Table no. 3.1
Population and Sample

| S.N. | Name of Bank | No Of Distributed Questionnaire | No of useable Questionnaire | Percentage of useable Questionnaire |
|-------|--|---------------------------------|-----------------------------|-------------------------------------|
| 1 | RastriyaBanijya Bank, New Baneshwor, Kathmandu | 10 | 7 | 70 |
| 2 | Mega Bank, New Baneshwor, Kathmandu | 10 | 8 | 80 |
| 3 | Kist Bank, Mid Baneshwor, Kathmandu | 10 | 6 | 60 |
| 4 | NABIL Bank, New Baneshwor, Kathmandu | 10 | 5 | 50 |
| 5 | Investment Bank, New Baneshwor, Kathmandu | 10 | 7 | 70 |
| 6 | Prime Bank, Kathmandu | 10 | 5 | 50 |
| 7 | Janata Bank ,New Baneshwor, Kathmandu | 10 | 8 | 80 |
| 8 | Global BankBabarmahal, Kathmandu | 10 | 6 | 60 |
| 9 | Nepal Bank, Kathmandu | 10 | 4 | 40 |
| 10 | Citizens Bank Koteswor | 10 | 4 | 40 |
| Total | | 100 | 60 | 60 |

As presented in the table above, total 100 questionnaires were distributed and 60 were usable for the research purpose. Hence the rate of usable response was 60 %.

3.4 Nature of Respondent

Nature of respondent enables to study in different perspective. Nature of respondent can be classified with various demographic variables like institutional categories, age, sex, tenure, experiences and qualifications.

3.4.1 Age of Respondents

Respondents were included from diverse age group in this research. Age groups were defined into four groups' bands in ten years interval starting from 20 to above 50. Following table 3.2 shows the frequency distribution for age groups.

Table 3.2: Frequency table of Age Groups

| Age | 20 to 29 | 30 to 39 | 40 to 49 | 50 and above | Total |
|-----|----------|----------|----------|--------------|-------|
| N | 32 | 15 | 9 | 5 | 60 |
| % | 53 | 25 | 15 | 7 | 100 |

Table 3.2 shows that majority of the respondents were found from the age group of 20 to 29 years having 53 % of total respondents. However, the distribution pattern shows heterogeneous age group of the respondents.

3.4.2 Gender Group of Respondents

The market picture suggests that the banks have been one of the major attractive job places for the Nepalese young generation. Sample covered both gender groups of respondents. Following table 3.3 shows the frequency distribution of male and female groups.

Table 3.3 Frequency table of gender groups

| Gender | Male | Female | Total |
|--------|------|--------|-------|
| N | 45 | 15 | 60 |
| % | 75 | 25 | 100 |

Above table 3.3 shows that 75 % male and 25% female were included in the survey. It indicates that the majority of the male respondents were included in the study.

3.4.3 Job Level of Respondents

This study includes the respondents from the various levels of banks. These categories are assumed to be included heterogeneous group of employees in the study. The following table 3.4 shows job level of employees.

Table 3.4: Job category

| Job Level | Lower | Middle | Higher | Total |
|-----------|-------|--------|--------|-------|
| N | 12 | 38 | 10 | 60 |
| % | 20 | 63 | 17 | 100 |

Above frequency table 3.4 shows that heterogeneous group participated in the present survey. 63% respondents were in middle level, 20% were in lower level and 17% were in higher level in their job designation.

3.4.4 Job Tenure of Respondents

Respondents of the survey had different job experience in banking industry in Kathmandu. Following table 3.5 shows respondents frequency distribution of tenure.

Table 3.5 Frequency Table of Job Tenure of Respondents

| Job Tenure | Below 5 | 5 to 9 | Above 10 | Total |
|------------|---------|--------|----------|-------|
| N | 28 | 21 | 11 | 60 |
| % | 47 | 35 | 18 | 100 |

Above table 3.5 presents that majority of the respondents had below 5 years job experience in banking sector i.e. 47% of total respondents, 35% respondents were found 5 to 9 years and 18% having 10 and above years job tenure in same bank.

3.4.5 Education Level of respondents

Respondents were also classified according to their education level. Respondents were coded in the master degree, bachelor degree and 12th pass. Following table shows the frequency distribution of respondents in this study in different education levels.

Table 3.6

Frequency Table of Education Levels of Respondents

| Education Levels | Master degree | Bachelor | 10+2 | Total |
|------------------|---------------|----------|------|-------|
| N | 19 | 33 | 8 | 60 |
| % | 31 | 55 | 14 | 100 |

The above table 3.7 shows the high level of employees having master degree that scores 31% among the total respondents, 55% having bachelor degree and the below bachelor in only 14%.

3.5 Statistical Tools and Techniques for the Study

This study is completely based on the primary data because the study needs the attitude of the Service quality management in Commercial banking sector in Kathmandu District. To explore of the Research has five point likert type scale questionnaire were used. The questionnaires consisted of 5 to the highly agreed, 4 to agreed, 3 for neutral, 2 for disagreed and 1 for highly disagreed. All collected data were tabulated and appropriate statistical techniques such as percentage, mean, standard derivation and coefficient of variation were used to analyze the information achieved from the respondents. In order to compare and analyze the statistical tools like Karl Pearson's correlation coefficient was used to find out the Service quality management in Commercial banking sector in Kathmandu District. The data collected from the employees were presented, analyzed and interpreted for attaining the stated objective of the study. Appropriate non parametric statistical analysis was conducted to test the significance of primary data. It has been used to attain the Service quality management in Commercial banking sector.

3.6 Data Presentation and Analysis System

For the fulfillment of the objective of the study, I have gone through the primary data. All the data has been calculated by using this SPSS software. The outcome obtained from the structured questionnaire is presented in quantitative manner. In some extent to clarify the all; statistical tools are used and results are presented in tables. All the methods of analysis and presentation are applied as simple as possible. Interpretation is made in very simple way. Details of calculation which could not be shown in the main body part are presented in appendices, at the end. Summary, conclusion and recommendation are presented finally.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.1 Data Presentation and Analysis

Researcher attempts and presents the results and explains the outcome of analysis in this chapter. Major objectives of the study were to assess Service quality Management in Nepalese Commercial banks in Kathmandu District. The analysis of research data, however, does not by itself provides answers to research questions. Interpretation of the data is necessary. To interpret is to explain to finding meaning. Raw data thus have to be statistically treated as well as interpreted. Analysis means the categorizing, ordering, manipulating and summarizing of data to obtain answer to research questions. The purpose of analysis is to reduce data to intelligible and interpretable form so that the relations of research problems can be studies and tested (Kerlinger, (1973). As such data have no value or meaning unless analyzed by appropriate statistical techniques and subsequently interpreted.

The data collected from the questionnaire have been duly tabulated. The information is analyzed as per the need of research objectives. The data are presented and interpreted in simple frequency and percentage. In order to make it more practical the mean value, standard derivation and coefficient of variation have also been calculated and presented. To test the significance of the information used in study.

The table below presents the number and percentage of the managers perceiving the different statements related with the transformational behavior of the leader. The survey questionnaires were generated with a view to obtain self-reported attitude of respondents each variable is measured using five point rating scale ranging from scales like highly disagree (1), disagree (2), neutral (3), agree (4) and highly agree (5).

Table no. 4.1
Frequency and Percentage of the Respondents for Tangibles

| S.N | Particulars | Total N | Percentage of frequency | | | | | | | | | |
|-----|---|------------|-------------------------|-----|-----------|------|---------|------|--------|------|---------------|------|
| | | | Highly Disagreed | | Disagreed | | Neutral | | Agreed | | Highly Agreed | |
| | | | N | % | N | % | N | % | N | % | N | % |
| 1. | Your bank has Modern looking equipment. | 60 | 5 | 8.3 | 7 | 11.7 | 11 | 18.3 | 32 | 53.3 | 5 | 8.3 |
| 2. | Your bank's physical features are visually appealing. | 60 | 3 | 5 | 13 | 21.6 | 10 | 16.7 | 29 | 48.3 | 13 | 21.6 |
| 3. | Your bank's reception desk employees are neat appearing. | 60 | 4 | 6.7 | 5 | 8.3 | 9 | 15 | 30 | 50 | 12 | 20 |
| 4. | Materials associated with the service are visually appealing at the bank. | 60 | 2 | 3.3 | 7 | 11.7 | 13 | 21.6 | 29 | 48.3 | 9 | 15 |

Sources: Responses on Survey Questionnaire, 2014

According to the table above, the number of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “Your bank has Modern looking equipment” were 5 (8.30%), 7(11.70%), 11 (18.30%), 32 (53.30%), and 5 (8.30%) respectively. For 3 (5 %), 13 (21.6%), 10(16.70%), 29 (48.30%), and 13 (21.60%). Respondents “Your bank's physical features are visually appealing” was the matter of highly disagreeing, disagreeing, neutral, agreeing and highly agreeing respectively. In regard to the statement “Your bank's reception desk employees are neat appearing” was highly disagreed, disagreed, neutralized, agreed and highly agreed by the respondents 4(6.70%),5 (8.30%), 9(15%), 30 (50%) and12 (20%) respectively. And the number and percentage of the respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “Materials associated with the service are visually appealing at the bank” were 2 (3.30%), 7 (11.70%), 13 (21.6%), 29 (48.30%) and 9 (15%) respectively.

Summing above, the majority of the respondents agreed the statements “Your bank has Modern looking equipment” (69.90%), “Your bank's physical features are visually appealing” (61.60%), “Your bank's reception desk employees are neat appearing” (70%), and “Materials associated with the service are visually appealing at the bank” (63.3%).

It means that maximum respondents are agreed in the statements related to Tangibles. In addition from the analysis above that the Tangibles has been highly accepted style by the respondents in banking sector in Kathmandu District.

The table below presents the mean values, standard deviations and coefficient of variation computed for the responses received from the official leaver of banks in regard to Tangibles in the Commercial banks in the Kathmandu district.

Table no. 4.2
Mean, Standard Deviation and Coefficient of Correlation of Respondents in Regard to Tangibles

| S.N. | Particulars | Mean | S.D. | C.V. |
|------|---|------|-------|-------|
| 1. | Your bank has Modern looking equipment. | 4.01 | 0.815 | 20.32 |
| 2. | Your bank's physical features are visually appealing. | 3.69 | 0.989 | 26.80 |
| 3. | Your bank's reception desk employees are neat appearing. | 3.77 | 1.129 | 29.95 |
| 4. | Materials associated with the service are visually appealing at the bank. | 3.63 | 1.085 | 29.90 |

Sources: Responses on Survey Questionnaire, 2014

As shown in the table above, the mean value obtained for statement, “Your bank has Modern looking equipment” was 4.01. It means that the respondents were agreeing the statement. The variability in the responses of the respondents was 20.32%. The mean value obtained for statement, “Your bank's physical features are visually appealing” was 3.69. It means that the respondents were agreed the statement. The variability in the responses of the respondents was 26.80%. The mean value obtained for the statement,

“Your bank's reception desk employees are neat appearing” was 3.77. It means that the respondents were agreeing the statement. The variability in the responses of the respondents was 29.95%. And the statement, “Materials associated with the service are visually appealing at the bank” was agreed by the respondents the mean value computed for the response was 3.63. The variability in the responses of the respondents was 29.90%.

The tables below presents the number and percentage of the respondents showing their level of agreement in the scale like highly disagree, disagree, neutral, agree and highly agree.

Table no. 4.3
Frequency and Percentage of the Respondents in Regard to Reliability

| S.N. | Particulars | Total N | Percentage of Frequency | | | | | | | | | |
|------|---|------------|-------------------------|-----|----------|------|---------|------|-------|------|--------------|------|
| | | | Highly Disagree | | Disagree | | Neutral | | Agree | | Highly Agree | |
| | | | N | % | N | % | N | % | N | % | N | % |
| 1 | When the banks promise to do something by a certain time it does so. | 60 | 2 | 3.3 | 3 | 5 | 9 | 15 | 37 | 61.7 | 9 | 15 |
| 2 | When you have a problem, the bank shows a sincere interest in solving it. | 60 | 1 | 1.7 | 4 | 6.7 | 3 | 5 | 40 | 66.7 | 12 | 20 |
| 3 | The bank performs the service right the first time. | 60 | 5 | 8.3 | 7 | 11.7 | 2 | 3.3 | 35 | 58.3 | 11 | 18.3 |
| 4 | The bank provides its service at the time it promises to do so. | 60 | 3 | 5 | 8 | 13.3 | 6 | 10 | 36 | 60 | 7 | 11.7 |
| 5 | The bank insists on error-free records | 60 | 1 | 1.7 | 6 | 10 | 8 | 13.3 | 35 | 58.3 | 10 | 16.6 |

Sources: Responses on Survey Questionnaire, 2014

According to the table above, the number of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “When the banks promise to do

something by a certain time it does so” were 2 (3.30%), 3 (5%), 9 (15%), 37 (61.70%) and 9 (15%) respectively. The statement “When you have a problem, the bank shows a sincere interest in solving it” was the matter of highly disagreement, disagreement, neutral, agreement and highly agreement. For 1 (1.70%), 4 (6.70%), 3 (5%), 40(66.70%) and 12 (20%) respectively. The number of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement were “The bank performs the service right the first time” were 5 (8.33%), 7 (11.70%), 2(3.30%), 35(58.30%) and 11 (18.30%) respectively. The number of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “The bank provides its service at the time it promises to do so” were 3 (5%), 8 (13.30%), 6 (10%), 36 (60%) and 7(11.70%) respectively. The number and percentage of the respondents highly disagreeing, disagreeing, being neutral, agreeing and highly agreeing the statement “The bank insists on error-free records” were 0(0%), 7 (11.60%), 9 (15%), 34 (56.70%) and 10 (16.60%) respectively.

Summing above, the majority of the respondents agreed the statements “When the banks promise to do something by a certain time it does so” (76.70%), “When you have a problem, the bank shows a sincere interest in solving it” (86.70%), “The bank performs the service right the first time” (76.60%), and “The bank provides its service at the time it promises to do so” (71.70%) .and “The bank insists on error-free records” (73.30%).

It means that maximum respondents are agreed in the statements related to Reliability in Commercial banking sector in the Kathmandu district.

The table below presents the mean values, standard deviations and coefficient of variation computed for the responses received from the employees of Commercial banks in regard to the Reliability in the Commercial banking sector in the Kathmandu district.

Table no. 4.4

Mean, Standard Deviation and Coefficient of Variation in Regard to the Reliability

| S.N. | Particulars | Mean | S.D. | C.V. |
|------|---|------|-------|-------|
| 1 | When the banks promise to do something by a certain time it does so. | 3.33 | 1.267 | 38.05 |
| 2 | When you have a problem, the bank shows a sincere interest in solving it. | 3.65 | 1.151 | 31.53 |
| 3 | The bank performs the service right the first time. | 3.57 | 1.208 | 33.84 |
| 4 | The bank provides its service at the time it promises to do so. | 3.57 | 1.125 | 31.51 |
| 5 | The bank insists on error-free records. | | | |

Sources: Responses on Survey Questionnaire, 2014

As shown in the table above, the mean value obtained for statement, “I have training opportunities to learn and grow” was 3.33. It means that the respondents were agreed in the statement. The variability in the responses of the respondents was 38.05%. The mean value obtained for statement, “I get training I need to do my job well” was 3.65. It means that the respondents agreed the statement. The variability in the responses of the respondents was 31.53%. The statement, “I get the training from the bank for my next promotion” was agreed by the respondents. The mean value computed for the responses received was 3.57. The variability in the responses of the respondents was 33.84%. The mean value was computed in regard to the statement; “Available training match with my job” was 3.57.

In conclusion, the respondents in the in Commercial banking sector agreed all the statements included in Reliability in the Kathmandu district.

The table below presents the number and percentage of the respondents showing their level of agreement in regard to the statement showing the Responsiveness in the Commercial banks in Kathmandu district.

Table no. 4.5**Frequency and Percentage of the Respondents in Regard to Responsiveness**

| S.N. | Particulars | Total N | Percentage of frequency | | | | | | | | | |
|------|---|------------|-------------------------|------|----------|------|---------|------|-------|------|--------------|------|
| | | | Highly Disagree | | Disagree | | Neutral | | Agree | | Highly Agree | |
| | | | N | % | N | % | N | % | N | % | N | % |
| 1. | Employees in the bank tell you exactly when the service will be performed | 60 | 2 | 3.3 | 7 | 11.7 | 5 | 8.3 | 33 | 55 | 13 | 21.7 |
| 2. | Employees in the bank give your prompt service | 60 | 4 | 6.7 | 9 | 15 | 11 | 18.3 | 30 | 50 | 6 | 10 |
| 3. | Employees in the bank are always willing to help you | 60 | 6 | 10 | 8 | 13.3 | 13 | 21.7 | 29 | 48.3 | 4 | 6.7 |
| 4. | Employees in the bank are never too busy to respond to your request | 60 | 7 | 11.7 | 11 | 18.3 | 4 | 6.7 | 28 | 46.6 | 10 | 16.7 |

Sources: Responses on Survey Questionnaire, 2014

According to the table above, the number and percentage of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “Employees in the bank tell you exactly when the service will be performed” were 2 (3.30%), 7(11.70%), 5 (8.30%), 33 (55%) and13 (21.70%) respectively. The statement “Employees in the bank give your prompt service” was highly disagreed, disagreed, neutral, agreed and highly agreed by 4 (6.70%), 9(15%), 11 (18.30%), 30 (50%) and 6 (10%) respondents respectively. The number and percentage of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “Employees in the bank are always willing to help you” were 6 (10%), 8 (13.30%), 13 (21.70%), 29 (48.30%) and4 (6.70%) respectively. As shown in the table above the number of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “Employees in the bank are never too busy to respond to your request” were 7 (11.70%), 11 (18.30%), 4 (6.7%), 28 (46.60%) and10 (16.70%) respectively.

Summing above, the majority of the respondents agreed the statements “Employees in the bank tell you exactly when the service will be performed” (60%), “Employees in the bank give your prompt service” (55%), “Employees in the bank are always willing to help you”55%.And “Employees in the bank are never too busy to respond to your request”(63.30%).

It means that maximum respondents were found agreeing the statements related to the Responsiveness in the Commercial banks in Kathmandu district.

The table below presents the computed mean values, standard deviation and coefficient of variation in regards to the responses received from the respondents in respect to the Responsiveness in the Commercial banks in Kathmandu district.

Table no. 4.6
Mean, Standard Deviation and Coefficient of Variation of the Performance evaluation practices

| S.N. | Particulars | Mean | S.D. | C.V. |
|------|--|------|-------|-------|
| 1. | Employees in the bank tell you exactly when the service will be performed. | 3.83 | 1.125 | 29.37 |
| 2. | Employees in the bank give your prompt service. | 3.53 | 0.993 | 28.13 |
| 3. | Employees in the bank are always willing to help you. | 3.56 | 1.042 | 29.70 |
| 4. | Employees in the bank are never too busy to respond to your request. | 3.67 | 1.031 | 28.09 |

Sources: Responses on Survey Questionnaire, 2014

As shown in the table above, the mean value obtained for statement, “Employees in the bank tell you exactly when the service will be performed” was 3.83. It means that the respondents agreed the statement. The variability in the responses of the respondents was 29.37%.The statement; “Employees in the bank give your prompt service” was agreed by the respondents. The corresponding mean value computed for the responses was 3.53. The variability in the responses of the respondents was 28.13%.The mean value calculated for the statement, “Employees in the bank are always willing to help you” was 3.56. It means that the respondents agreed the statement. The variability in the responses of the respondents was 29.71%.The mean value was found for statement, “Employees in

the bank are never too busy to respond to your request” was 3.67. According to mean value the respondents agreeing the statement. The variability in the responses of the respondents was 28.09%.

Summing above, the minimum mean value was 3.49 and maximum mean value was 4.02. It means that the maximum respondents show their agreement with the statements related to the Responsiveness in the Kathmandu district.

The table below presents the number and percentage of the respondents in regards to the statements related with the Assurance in the Commercial banks in Kathmandu district.

Table no. 4.7
Frequency and Percentage of the Respondents in Regard to Assurance

| S.N. | Particulars | Total N | Percentage of frequency | | | | | | | | | |
|------|--|------------|-------------------------|-----|-----------|------|---------|------|--------|------|---------------|------|
| | | | Highly Disagreed | | Disagreed | | Neutral | | Agreed | | Highly Agreed | |
| | | | N | % | N | % | N | % | N | % | N | % |
| 1. | The behavior of employees in the banks instills confidence in you. | 60 | 5 | 8.3 | 9 | 15 | 7 | 11.7 | 29 | 48.3 | 10 | 16.7 |
| 2. | You feel safe in your transactions with the bank. | 60 | 3 | 5 | 11 | 18.3 | 2 | 3.3 | 30 | 50 | 14 | 23.3 |
| 3. | Employees in the bank are consistently Courteous with you. | 60 | 2 | 3.3 | 8 | 13.3 | 13 | 21.7 | 31 | 51.7 | 6 | 10 |
| 4. | Employees in the bank have the knowledge to answer your questions | 60 | 5 | 8.3 | 13 | 21.7 | 3 | 5 | 34 | 56.7 | 5 | 8.3 |

Sources: Responses on Survey Questionnaire, 2014

According to the table above, the number and percentage of the respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “The behavior of employees in the banks instills confidence in you” were 5 (8.30%), 9 (15%), 7 (11.70%), 29 (48.30%) and 10 (16.70%) respectively. The statement “You feel safe in your transactions with the bank” was highly disagreed, disagreed, neutral, agreed and

highly agreed by 3 (5%), 11(18.30%), 2 (3.30%), 30(50%) and14 (23.03%) respectively. As presented in the number and percentage of the respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “Employees in the bank are consistently Courteous with you” were 2(3.30%), 8 (13.30%), 13 (21.70%), 31 (51.70%) and 6(10%) respectively. The number and percentage of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “Employees in the bank have the knowledge to answer your questions” was 5 (8.30%), 13 (21.70%), 3 (5%), 34 (56.70%) and5(8.30%) respectively.

Summing up, the majority of the respondents agreed the statements “The behavior of employees in the banks instills confidence in you” (65 %), “You feel safe in your transactions with the bank” (73.30%), “Employees in the bank are consistently Courteous with you” (61.70%), and “Employees in the bank have the knowledge to answer your questions” (66.70%).

It means that maximum respondents are agreed in the statements related to the Assurance in the Commercial banks in Kathmandu district.

The table below presents the mean value, standard deviation, and coefficient of variation computed in the basis of responses received from the Assurance in the Commercial banks in Kathmandu district.

Table no. 4.8

Mean Standard Deviation and Coefficient of Variation of the Assurance

| S.N. | Particulars | Mean | S.D. | C.V. |
|------|--|------|-------|-------|
| 1. | The behavior of employees in the banks instills confidence in you. | 3.63 | 0.972 | 26.78 |
| 2. | You feel safe in your transactions with the bank. | 4.02 | 1.068 | 26.57 |
| 3. | Employees in the bank are consistently Courteous with you. | 3.78 | 0.968 | 25.61 |
| 4. | Employees in the bank have the knowledge to answer your questions | 3.56 | 1.061 | 29.80 |

Sources: Responses on Survey Questionnaire, 2014

As shown in the table above, the mean value obtained for the statement, “The behavior of employees in the banks instills confidence in you” was 3.63. It means that the respondents agreed the statement. The variability in the responses of the respondents was 26.78%. The statement, “You feel safe in your transactions with the bank” was agreed by the respondents. The representing mean value in this regard was 4.02. The variability in the responses of the respondents was 26.57%. The mean value obtained for statement, “Employees in the bank are consistently courteous with you” was 3.78. It means that the respondents agreed the statement. The variability in the responses of the respondents was 25.61%.The calculated mean value for the statement, “Employees in the bank have the knowledge to answer your questions” was 3.56. It means that the respondents were agreeing the statement. The variability in the responses of the respondents was 29.80%.

Summing above, the minimum mean value was 3.42 and maximum mean value was 4.26. It means that the maximum respondents agreed the statements related to Assurance in the commercial banks in Kathmandu District.

The table below presents the number and percentage of the respondents in regard to Empathy in the commercial banking sector in Kathmandu District.

Table no. 4.9
Number and Percentage of the Respondents in Regard to Empathy

| S.N. | Particulars | Total N | Percentage of frequency | | | | | | | | | |
|------|---|------------|-------------------------|------|-----------|------|---------|------|--------|------|---------------|------|
| | | | Highly Disagreed | | Disagreed | | Neutral | | Agreed | | Highly Agreed | |
| | | | N | % | N | % | N | % | N | % | N | % |
| 1. | The bank gives you individual attention. | 60 | 5 | 8.3 | 7 | 11.7 | 11 | 18.3 | 33 | 55 | 4 | 6.7 |
| 2. | The bank has operating hours convenient to all its customers. | 60 | 7 | 11.6 | 9 | 15 | 13 | 21.7 | 25 | 41.7 | 6 | 10 |
| 3. | The bank has employees who give your personal attention. | 60 | 6 | 10 | 11 | 18.3 | 9 | 15 | 24 | 40 | 10 | 16.7 |
| 4. | The bank has your best interests at heart. | 60 | 3 | 5 | 13 | 21.7 | 14 | 23.3 | 23 | 38.3 | 7 | 11.6 |
| 5. | The employees of the bank understand you specific needs | 60 | 5 | 8.3 | 10 | 16.7 | 4 | 6.7 | 30 | 50 | 11 | 18.3 |

Sources: Responses on Survey Questionnaire, 2014

According to the table above, the number and percentage of the respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “The bank gives you individual attention” were 5 (8.30%), 7(11.70%), 11 (18.30%), 33 (55%) and 4 (6.70%) respectively. The number of respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “The bank has operating hours convenient to all its customers” were 7(11.60%), 9 (15%), 13(21.70%), 25 (41.70%) and 6 (10%) respectively. The table no. 4.9 shows, the number and percentage of the respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “The bank has employees who give your personal attention” were 6(10%), 11 (18.30%), 9 (15%), 24(40%) and 10 (16.70%) respectively.

As indicated in table 4.9, the number and percentage of the respondents highly disagreeing, disagreeing, neutral, agreeing and highly agreeing the statement “The bank has your best interests at heart” were 3 (5%), 13 (21.70%), 14 (23.30%), 23(38.30%) and 7 (11.60%) respectively. The statement “The employees of the bank understand you specific needs” was highly disagreed, disagreed, neutral, agreed and highly agreed by 5 (8.30%), 10(16.70%), 4 (6.70%), 30 (50%) and 11 (18.30%) respondents respectively.

To sum up, the majority of the respondents agreed the statements “The bank gives you individual attention” (61.70%), “The bank has operating hours convenient to all its customers” (51.70%), “The bank has employees who give your personal attention” (56.70%), “The bank has your best interests at heart” (49.90%), and “The employees of the bank understand you specific needs” (68.30%).

It means that maximum respondents are agreed in the statements related to Empathy in the Commercial banking Sector in Kathmandu District.

The table below presents the mean value, standard deviation and coefficient of variation computed for the responses received from the in regard to the Empathy in the Commercial banking Sector in Kathmandu District.

Table no. 4.10
Mean, Standard Deviation and Coefficient of Variation in regard to the Empathy

| S.N. | Particulars | Mean | S.D. | C.V. |
|------|---|------|-------|-------|
| 1. | The bank gives you individual attention. | 3.86 | 0.912 | 23.63 |
| 2. | The bank has operating hours convenient to all its customers. | 3.94 | 0.906 | 22.99 |
| 3. | The bank has employees who give your personal attention. | 3.84 | 0.905 | 23.57 |
| 4. | The bank has your best interests at heart. | 3.56 | 1.024 | 28.76 |
| 5. | The employees of the bank understand you specific needs | 3.75 | 1.051 | 28.03 |

Sources: Responses on Survey Questionnaire, 2014

As shown in the table above, the mean value obtained for statement, “The bank gives you individual attention” was 3.86. It means that the respondents agreed the statement. The variability in the responses of the respondents was 23.63%. The statement, “The bank has operating hours convenient to all its customers” was agreed by the respondents. The presenting mean value was 3.94. The variability in the responses of the respondents was 22.99%.The mean value calculated for statement, “The bank has employees who give your personal attention” was 3.84. It means that the respondents were agreeing the statement. The variability in the responses of the respondents was 23.57%.

The mean value found for statement, “The bank has your best interests at heart” was 3.56. It means that the respondents agreed the statement. The variability in the responses of the respondents was 28.76%. The statement, “The employees of the bank understand you specific needs” was agreed by the respondents. The corresponding mean value was 3.75. The variability in the responses of the respondents was 28.03%.

4.3 Major Findings of the Study

From the study of the literature discussed and the analysis of the data, the major findings have been presented below:

The findings from the study clearly explain that the Service quality Management such as Tangibles, Reliability, Responsiveness, Assurance and Empathy have satisfactory contribution in the Commercial banking Sector in the Kathmandu District.

1. The result obtained from table 4.1 was satisfactory. The highest percentages of respondents (74.90) were agreeing the statements related to Tangibles. It clearly shows that the people in the Commercial banking sector in Kathmandu District are positive towards the Tangibles.
2. The result indicates from the table 4.2 was satisfactory. The Tangibles in the Commercial banking sector in Kathmandu District are found positive with mean value starting from 3.53 to 4.01 It clearly says that all the respondents are positive in this regard.

3. The result from the table 4.3 was satisfactory. The highest percentage of respondents agreeing in the statements related to Reliability was 86.70. It clearly shows that the Employees in the Commercial banking sector in Kathmandu District are positive towards the Reliability.
4. The Reliability is also found practiced in the Commercial banking sector in Kathmandu District. The lowest mean value is 3.33 and highest mean value is calculated as 3.65.
5. The result from the table 4.5 was satisfactory. The highest percentage of respondents agreeing in the statements related to Responsiveness was 76.70. It clearly shows that the Employees in the Commercial banking sector in Kathmandu District are positive towards the Responsiveness.
6. The Responsiveness is also found practiced Employees in the Commercial banking sector in Kathmandu District. The lowest mean value is 3.53 and highest mean value is calculated as 3.83.
7. The result found from table 4.7 was satisfactory. The highest percentage of respondents agreeing the statements related to Assurance was 69.20. It clearly shows that the Employees in Commercial banking sector in Kathmandu District are positive towards the Assurance.
8. Assurance in the Commercial banking sector in Kathmandu District are found positive with mean value starting from 3.42 to 4.02. It clearly says that all the respondents are positive in this regard.
9. The result from table 4.9 was satisfactory. The highest percentage of respondents agreeing the statements related to Empathy was 68.30. It clearly shows that the people in Commercial banking sector in Kathmandu District are positive towards the Empathy.
10. Empathy in Commercial banking sector in Kathmandu District is found positive with mean value starting from 3.56 to 3.86. It clearly says that all the respondents are positive in this regard.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the glance of the whole research process. The study is carried out to assess the role of existing Service quality Management in detail. The whole research process is concentrated particularly on the examination of Service quality management of the Commercial banking Sector in the Kathmandu District. This chapter contains summary the study and presentation of conclusion and main recommendation based on the research findings.

5.1 Summary

The first and foremost chapter of this study contains focusing on the Service quality management brief in this chapter. It is tries to explain with respect to objectives, Service quality Management such as Tangibles, Reliability, Responsiveness, Assurance and Empathy in the Commercial banking Sector in the Kathmandu District and so on. According to subject matter of the study, this study also tries to explain problem statement, significance, objectives, limitations and the plan of work of this study are also incorporated in introduction chapter.

Review of literature of this study tries to explain Service quality management, Commercial banking sector in the Kathmandu District mechanism and so on. Defining Service quality management in brief, this study also tries to explain the Service quality Management such as Tangibles, Reliability, Responsiveness, Assurance and Empathy in the Commercial banking Sector in the Kathmandu District and so on in detail as far as possible. It also tries to explain the Commercial banks need, process, manager role, barriers and challenges and so on in brief. In this chapter review of books and related studies are incorporated.

The major objectives considered by this current study were to explore the Service quality Management in Commercial banks. The research has focused on employees of Commercial banks within the Kathmandu District. Therefore, the study attempted to

design descriptive cum analytical research strategies to achieve the stated objective. The major methodological approach followed by the study can be summarized as under. Basically it was an exploratory study type of research pursuing survey design. Opinion survey technique was adopted for collecting primary data. Suitable tools and techniques were employed for the study. Numbers of literature were reviewed to identify Human Resource management and employee commitment. Survey data were collected from the multiple employees of respondent by using Questionnaire, which were structured 5-point Likert scale to know the opinion on the Service quality Management.

The results of this study revealed that bundles of Service quality management, Commercial banks are positively related to better employee satisfaction. This result is consistent with Jackson & Schuler, (1992). This means that effective Service quality management lead to employees' satisfaction. Results revealed that only five dimensions of Service quality management emerged as the predictors of employee satisfaction in the case of Commercial banks in Kathmandu District. These practices include Service quality Management such as Tangibles, Reliability, Responsiveness, Assurance and Empathy. Compensation and social benefits had the strongest significant effect on employee satisfaction. This study found that bundles of Service quality Management practices are also positively related to better employees view.

Findings of this study show that Service quality management for employees is positively related to in commercial banking Sector in the Kathmandu District. Evidences from the previous research also suggested that firms with superior Service quality are likely to experience lower staff turnover than companies that neglect staff development and also, more investment in Service quality management is positively related to reduce the employees' intention to leave the Organization.

5.2 Conclusion

From the analysis of the information received from the respondent, it is found that the majority of the respondents feel that they have as well as Service quality Management such as Tangibles, Reliability, Responsiveness, Assurance and Empathy in the Commercial banking Sector in the Kathmandu District.

This study was conducted in government and Commercial banks in Kathmandu District. The purposes of this study were to examine Service quality Management. The Conclusion the study clearly explain that the highest percentages of respondents were agreeing the statements related to Service quality Management such as Tangibles, Reliability, Responsiveness, Assurance and Empathy have satisfactory contribution in the Commercial banking Sector in the Kathmandu District.

Finally, it can be concluded that the Maximum respondent has accepted in Service quality management in the commercial banking Sector in the Kathmandu District.

5.3 Recommendations

This research has some limitation too. It depends upon small population and small size. Therefore, it cannot be claimed that the findings can be generalized in other context. The efforts made by the researcher may help others to have the future exploration, so that it can be refined and made applicable in general contexts. The future researchers are advised to concentrate on the large population and sample and should also find the regression of the skills with each other. It can also be aimed that the future researchers should concentrate to find the factor of barriers of Service quality management in the commercial banking Sector in the Kathmandu District.

It would be better if the future researchers find out the measures and ways to enhance Service quality management in Nepalese context. This study covers the Service quality management such as Tangibles, Reliability, Responsiveness, Assurance and Empathy are

the open for the future researcher. This study conducted based on Commercial banking Sector in the Kathmandu District and the other areas are open to see the Service quality. On the basis of major findings and conclusions some important suggestions have been forwarded so that this helps the organization for betterment.

1. This study is conducted considering to Commercial banking sector only. Further research can be undertaken in the manufacturing or service sector.
2. This research is conducted based on the five factor model of Service quality. Further research can be undertaken considering to more factoring model which will help to get insight of Service quality management.
3. Replicating the study using a larger sample that includes a number of service organizations would allow for a greater generalization.
4. This research is conducted based on the Kathmandu District. Other areas are open to see the Service quality management.

Appendix 1

Dear Respondent,

I hereby cordially request you that I'm preparing the thesis on "**Service Quality Management in Commercial Bank in Nepal**" as the partial fulfillment of master of business studies (MBS). These questions pertain to your experience in your current job and organization. Your answers will be kept strictly confidential and will only be used for this research purpose. I hereby kindly request you to fill the questionnaires. Your name will not be mentioned anywhere on the documents so kindly provide an impartial opinion to make research successful. The questionnaires have been designed as the five scales. 1= highly disagreed, 2= disagreed, 3= neutral, 4= agreed and 5= highly agreed. I request you to tick any one option out of five alternatives.

Section: 1

1) What is your designation?

2) What is your age?

| | |
|-------------|--|
| Under 21 | |
| 21 - 30 | |
| 31 - 40 | |
| 41 - 50 | |
| 51 or older | |

3) What is your gender?

| | |
|--------|--|
| Male | |
| Female | |

4) What is your marital status?

| | |
|------------|--|
| Married | |
| Un-married | |

5) What is your highest education qualification?

| | |
|----------|--|
| 10+2 | |
| Bachelor | |
| Degree | |
| Above | |

6) How long have you worked for the present company?

| | |
|---------------------|--|
| Less than one year | |
| 1 – 2 | |
| 3-5 | |
| 6-10 | |
| More than ten years | |

*****Thanks*****

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