CHAPTER FIVE

CONCLUSION

This chapter will summarise the findings of the study, discuss the implication and limitations of the study and make recommendations for further research work using SERVQUAL as a scale for measuring service quality.

Summary of Findings

The questionnaire used in this study was the multi-item scale used by Lim (1992) in her study on service quality of commercial banks in Malaysia which in turn was adapted from the original SERVQUAL scale developed by Parasuraman et al. (1988a). However, one of the sections on the relative importance of each of the service quality dimensions from the refined SERVQUAL scale used by Parasuraman et al. (1991) study had been incorporated into the scale used for this study.

The study identified four dimensions of service quality as perceived by the customers of UMBC, a large locally owned commercial bank, as opposed to the five dimensions identified in the study by Parasuraman et al. (1988a). The dimensions of service quality extracted in

this study were reliability, responsiveness, assurance and empathy. Reliability, the most important dimension among the four dimensions, explained for 18.44% of the total variance of service quality. The reliability dimension had the most items loaded on to it. This included all three items, items1 to item3, from the tangibles scale relating to up-to-date equipment, physically appealing and well dressed employees; four items from the reliability scale, items4, item5, item6, and item7, relating to the bank being sympathetic and reassuring to customers' problems, dependable on the services provided, providing services at the time promised, and keeps accurate records; one item, item8, from the responsiveness scale which deals with informing customers of the exact time service will be performed; and one item, item15, from the assurance scale which concerns employees getting adequate support from the bank. Only 11 items loaded correctly onto the dimensions extracted in the study by Parasuraman et al. (1988a). However, the items did not completely loaded onto each of the dimensions according to the study by Parasuraman et al. (1988a).

The dimension of responsiveness had three out of the four items in the responsiveness scale, item9 to item11; and three items from the empathy scale, item16 to item18, which concerns giving individual attention to customers, employees knowing customers needs, and having customers' best interest at heart. Assurance retained three of the

four items in this scale, item12 to item14. The empathy dimension only had one item, item19, from the empathy scale which concerns convenient operating hours.

The mean average SERVQUAL score was -0.98 with an alpha value of 0.8690 on a 5% level of significance. All negative scores were the result of a gap between expectations and perceptions on service quality by customers and therefore could be perceived as shortfalls in service quality. However, the small shortfall coupled by the overall service quality rating of 4.54 indicated that UMBC's customers were neutral in their opinion on the service quality of UMBC. The highest shortfall was the reliability dimension which had the highest negative mean score of -1.76 followed by assurance (-0.89) and empathy (-0.69). The lowest shortfall was responsiveness which had a mean SERVQUAL score of -0.51. In assessing the service of UMBC, respondents attached weightage to the five dimensions of service quality according to their order of importance to the customers. Reliability, responsiveness and assurance were given equal weightage and were of equal importance when customers assess the quality of service as shown in Table 4.11. This was followed by tangibles and empathy. The weights attached to the different dimensions were used to obtain a more accurate weighted SERVQUAL score of -0.21 which was a smaller shortfall.

This study found that demographic variables such as educational level, occupation and salary have a significant influence on the unweighted and weighted SERVQUAL scores, and the SERVQUAL scores of some of the dimensions, although no general pattern could be established to generalise the findings (as shown in Table 4.13 and Appendix 4). However, in respect of occupation, the highest SERVQUAL scores were made by those in the clerical category of employment and, in terms of personal income, respondents having salary of less than RM750 per month consistently scored highest while those earning between RM3,500 to RM4,999 consistently scored lowest.

This study identified only three dimensions that had an affect on the overall service quality. The three dimensions in order of their importance were reliability, assurance and responsiveness. Reliability was identified as the most important predictor for overall service quality.

Implication of Study

Four major implications of this study were established and are discussed below.

This study found that demographic variables such as educational level, occupation and salary of an individual had an impact to the rating of service quality in the banking services. However, further research is necessary to establish how these variables affect the rating of service quality.

This study also shows that reliability was the most important dimension of service quality. Probably, the inclusion of tangibles features, such as up-to-date equipment, physically appealing and well-dressed employees, were seen to support the image of the bank being reliable and was perceived to be items relating to reliability. Based on the high expectation-perception gap, it is evident that the reliability aspect of service quality had not been met by UMBC. This is one area that the management of UMBC would probably want to address immediately in order to improve its quality of service.

Another important implication was the fact that empathy was the least important among the dimensions of service quality. Therefore, in their effort to improve service quality in UMBC, the management should focus on the

other dimensions, most importantly the reliability dimension.

The other area of interest is the percentage of respondents who would recommend the services of UMBC to their friends based on the services received from UMBC. Only 67.9% of the respondents would recommend UMBC to friends. Whether the respondent would recommend the services of UMBC had a high correlation to whether the respondents were satisfied with the way their problems were resolved by the bank. As such, how UMBC handles and resolves problems faced by its customers play an important role to increase its customer base through recommendations of existing customers by word of mouth which is a powerful marketing tool.

Recommendations For Further Research

THis study applied the SERVQUAL instrument in its entirety, with the exception of the modification of expectation and perception statements according to the study by Lim (1992). Further research using SERVQUAL should customise the wordings and the subject of some of the items to suit the different service settings as this study found that some of the items were not stable.

As mentioned earlier, the sample for this study was confined to the Kuala Lumpur area. Further research by the management of UMBC to extend the sampling frame to cover the whole UMBC network in the West Malaysia would allow for generalisations to be made in respect of shortfalls of service quality and finding the appropriate corrective measures to improve service quality.

A further extension of the research employed in this study could be directed towards service quality among competing financial institutions, such as other competitor commercial banks, finance companies, and merchant banks. The dimensions of perceived service quality for the competing financial institutions could then be used as a comparison. UMBC may then be able to ascertain the most advantageous direction in which to increase its service quality in order to be in a more competitive position to attract a sizeable share of the financial market.

In addition to measuring service quality based on SERVQUAL measurement scale, future research should address several other related service quality issues. The main theme of the service quality model is that customers quality perceptions are influenced by a series of distinct gaps occurring on the marketer's side. A challenge for researchers is to devise methods to measure distinct gaps occurring on the marketer's side. Another area of research would be to examine the nature of the association between

service quality as perceived by customers and its determinants (Gap 1 to Gap 4 in Figure 2.2). Specifically, which one or more of these gaps are more critical than the others in affecting quality in the commercial banking sector. Lastly, the usefulness of segmenting customers on the basis of their service quality expectations is worth exploring. Empirical research aimed at determining whether distinct, identifiable service quality segments exist will be valuable from a service marketer's point of view.