

Measurement and Comparison of Service Quality in the Branches of Pasargad Bank in Ahvaz Using System and Transactional SQ Scale of Banking Services (SYSTRA-SQ)

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Abstract: This study aims to assess and compare the service quality and ranking its aspects in branches of Pasargad bank in Ahvaz. For this purpose, the system and transactional SQ Scale was used. This model is specific to measuring this quality of banking services. The questionnaire extracted from the model consisted of 21 questions and included four dimensions of service system quality, behavioral service quality, machine service quality and service transactional accuracy. The population consisted of the clients of 5 Pasargad bank branches in Ahvaz and in total, 534 questionnaires were responded by the people. Analysis of the data collected shows that service quality and its dimensions are desirable in the sample. The results also indicate that first and second ranks are given to the dimensions of service system quality and service transactional accuracy and the two other aspects i.e. machine service quality and behavioral service quality are placed in the following ranks.

Keywords

Service quality, system and transactional SQ scale, Pasargad Bank.

1. Introduction

The world of economy will be faced with great evolutions in the twenty-first century. These evolutions will affect most those countries economically dependent on a single product (such as oil), because oil has lost its strength and past role as "black gold" in the world economy. In fact, the rate of economic growth and development in the next century will depend on the volume of production and the added value created in such countries. This fact has increased governments extra effort in creating new competitive advantages. Single-product states like Iran have no choice but to produce, and increase of manufactured products emphasizes the need for access to new markets. In this process, the old and traditional methods of business will completely lose their effectiveness. As a result, paying more attention to new marketing concepts is deeply felt. Such evolutions will expand the phenomenon of "globalization" more than ever, a phenomenon which means limitless business, a business which neither pays attention to any particular client nor recognizes any certain limit. Globalization requires conscious awareness, which is only achieved through continuous research and study. With a proper and careful planning, we will reach the conclusion that one of the fundamental topics in need of research is

the category of banking and quality of banking services; since, as financial arm of the government in resources mobilization, banks provide a more favorable environment for economic development. Over the past few decades, the service quality concept has drawn the attention of specialists, managers and researchers for its significant influence on business performance, lower costs, customer satisfaction, customer loyalty and profitability [1]. Today, there is little doubt that the key to survival and development of organizations and service industries is to provide top quality service, and the banking system as a service industry is no exception. Regarding continuous birth of various banks in the private sector and privatization of some state-owned banks, and thus competitiveness of banking industry in the country, paying special attention to improvement of banks service quality is of double importance.

To accomplish this goal and achieve superior quality in Pasargad bank as the symbol of Iran private banking, measurement and analysis of the current service quality situation in this bank is crucial. Therefore, it is necessary to evaluate the quality of banking services through specific models instead of general ones. Therefore, the aim of this study is to determine the quality of banking services through the

System and Transactional model and rating its dimensions in branches of Pasargad bank in Ahvaz.

Theoretical Research

In the current century, competition in improving service quality is known as a key strategic issue for organizations active in the service sector. Organizations which achieve a higher level of service quality will benefit higher levels of customer satisfaction as a prelude for achieving sustainable competitive advantage [2]. Banking system, which is an important component of the economy of any country in a market economy and takes on very heavy responsibility, is not an exception. In order to compete in today's turbulent environment, banks have no choice but to pay special attention to the quality of their services. This will lead to more retention of customers, attraction of new ones and improvement of financial performance and profitability. During recent decades, intensification of competition among firms in gaining more market share has driven them towards more accurate and deeper understanding of customers' needs and desires. Undoubtedly, creating customer satisfaction and even delighting them of service quality requires understanding their needs and desires in the first place and then transferring such desires into a situation in which products and services are generated.

Due to the increasing complexity of economic, social and cultural systems, this does not occur spontaneously, but systematic methods and procedures are needed to transform these concepts into an organizational process. Besides, change of demands, needs and expectations of customers is an irrefutable fact; therefore, it must first be determined what the customer wants and then go after the ways of its realization [3].

Banking and financial services make up an important part of service industry [4]. Prospect of global financial services is changing rapidly. Great changes of structure, technology and adjustment have occurred in movement towards a more integrated global banking environment in the banking industry worldwide. By offering a variety of benefits and competitive services and restructuring their services towards using fast

technology and meeting the rapidly changing needs of customers, banks are developing through borders. Due to these measures, the nature of banking services and customer relations has changed. Highly competitive and rapidly changing environment in which the banks have to work at leads them to revise their attitudes towards customer satisfaction and service quality optimization [5]. Many companies have recognized that consistent delivery of quality services superior to the competitors can offer a strong competitive advantage. All things we refer to as virtual banking today is undertaken to achieve a superior quality of service. Therefore, service quality can be called as brain ware of banking operation [6].

In this context and considering the circumstances and expectations of customers in the country, this study aims to identify the factors effective in increase and improvement of banking services quality and so, achieve new dimensions of service quality.

Literature

Donnelly et al (2006) assessed the quality of police services by use of SERVQUAL [7]. They made a survey research of 475 elected representatives in 12 local communities in order to study the application of SERVQUAL in measuring the quality of police services and identifying gaps in the police service quality in Strathclyde police force and the ways of dealing with it. In a parallel sample of police officers in Strathclyde, this study also investigates the amount of the officers' perception of customer expectations and effectiveness of their internal processes in supporting delivery of high quality police services. Results indicate that although significant deficiencies exist in meeting customer expectations, but it seems that the police have a good understanding of the expectations. It also appears that there are some gaps in codifying qualitative standards of service between the police ability in observing the standards set and their ability to provide the services promised to the customers [8].

In a study entitled "Measuring Service Quality in the Hotel Industry", Akbaba (2006) used SERVQUAL model to evaluate the quality of a hotel services in Turkey[5]. The objectives

of this study are: a) evaluating the hotel customers' expectations of service quality, B) checking if the dimensions of SERVQUAL model are internationally and universally applicable or not and c) measuring the importance level of each dimension of service quality from the perspective of hotel customers. In this study, following aspects were studied: tangibles, adequacy of services provided, customer perception, comfort and assurance. From the customers' perspective, the factor of tangibles was considered as the most important criterion and following that respectively are: adequacy of the services provided, customer perception, assurance and comfort [7].

In his study, Bolouri (2006) examined the role of service quality in customer satisfaction and retention in Tejarat bank branches of Tehran[9]. The aim of the study was to evaluate the current quality of Tejarat bank services from the customers' perspective and its importance in satisfying and retaining customers. The results showed that the expertise and proficiency of staff in doing their jobs in the first place and second, the staff courtesy are effective in attracting and keeping customers of Tejarat bank [9].

Afshari (2007) examined the role of service quality in attracting and keeping customers of Saderat bank and all the issues affecting the quality of services somehow[10]. The results showed that the following factors are effective in attracting and retaining customers of Saderat bank:

- (1) Location of bank branches
- (2) advertising and giving information, and
- (3) Provision of facilities to the staff [2].

Using the SRK model, Zarghami (2009) examined the relation between service quality and customer satisfaction in the state banking network[11]. The results of this study show that perceived service quality and customer satisfaction are significantly different regarding the five factors used. Besides, a positive and significant correlation was observed between perceived service quality and customer satisfaction with regard to service quality aspects addressed [11].

Using gap analysis, Ardekani, Mir Fakhreddini and Zareian (2009) examined the

banking service quality, determined the priorities and offered solutions for improving the quality of banking services [12]. Through comprehensive study of the literature, factors affecting the quality of banking services were identified. Then, differences between the views of customers and bank employees were evaluated using several statistical tests. Gap analysis model was used in this research to assess the quality of banking services. The results showed a significant difference between perspectives of employees and customers regarding the quality of services provided in the bank. According to the results, "fast delivery of services needed by customers" was identified as the highest priority factor needing corrective actions [12].

Hosseini and Ghaderi (2012) studied the factors affecting quality of banking services. Following two-step questionnaire distribution and analysis of the results, 50 of the most important factors affecting the quality of banking services were identified. After placement of these 50 indicators in the final questionnaire and its distribution, factor analysis method was used for data analysis and minimizing the variables. Results of the factor analysis indicated that about 65% of the total variance is explained by the nine factors and about 35% of the variance is explained by other variables not measured. As a result, nine were identified as the most important factors influencing the quality of banking services. The nine factors in order of importance are: 1) the behavior of employees, 2) the competencies and skills of employees, 3) innovation in banking services, 4) profit and facilities, 5) the way of responding and providing banking services, 6) the bank's physical facilities; 7) reliability, 8) diversity of services and 9) ease of services [3].

2. Materials

Population and sample

The population of this research is consisted of customers of Pasargad bank in Ahvaz. 534 customers of 7 branches of Pasargad bank made up the sample. Considering confidence level of 95% and using the sampling formula, the required sample size of 385 was calculated; but researchers distributed a greater number of

questionnaires which, out of 670 questionnaires distributed, 534 of them were received complete and usable. The rest were excluded from the review process due to negligence or failure in completion. This (adding 149 people to the calculated sample size will increase the reliability and accuracy of the results.)

Research Tools

In order to evaluate service quality of Pasargad bank, questionnaire of bank service quality (system and transactional SQ system) was used. This 21-item questionnaire is designed and presented by Aldlayan and Battel: 11 questions on service system quality, 5 questions on behavioral services quality, 2 questions on service machines quality and 3 questions on transactional services accuracy. Scale used in the questionnaire is a five degree Likert (from 1 = very low to 5 = very high).

Validity: There are several methods for determining validity of the measurement tool. In this study and due to existing limitations, content validity was used for validation. Hence, after preparing the questionnaire, some of them were distributed among academic experts and banking professionals and eventually, face validity of the questionnaire was approved after applying the proposed changes.

Reliability: The Cronbach's alpha was used for calculating the reliability of research instrument. For this purpose, 70 preliminary questionnaires were distributed among three branches. Chronbach's alpha coefficient regarding various dimensions was as follows: service system quality: 0.93, behavioral services quality: 0.92, machines service quality: 0.88, and transactional services accuracy: 0.90. Cronbach's alpha for the

entire questionnaire was 91%, which shows acceptable reliability of the questionnaire.

3. Results

Following assumptions must be met for approval or rejection of the hypotheses; in other words, the average of each hypothesis index should at least be equal to 3 (mean value). The average of these indices is shown by μ .

Test hypotheses:

Null hypothesis or the claim negation

Research hypothesis (Alternative hypothesis)

μ is the mean response to hypothesis questions)

Overall results of the service quality review and its dimensions are shown in Table (1). Since the significance level of service quality and its four dimensions are less than 5%, the null hypothesis indicating average of equal or less than three is rejected in all cases and the alternative assumption is accepted. As a result, the service quality and its four dimensions in Pasargad bank of Ahvaz are in desirable state. Service quality dimensions in branches of Pasargad bank in Ahvaz are obtained by average and rated. Friedman test is proper for doing this. The test results are presented in Tables 2, 3 and 4.

Significance level of less than 0.05 is indicator of mean difference between dimensions and [shows] significance of ranking. Mean ranks are given in table 3. According to the Friedman test, the service system quality is the most important factor and system transaction accuracy, machine service quality and behavioral service quality are next in order of rank.

Table 1. Mean test results of the population for assessing the service quality and its dimensions

Quality dimensions	T statistic	Significance level	Degree of freedom
Service system quality (SSQ)	17.969	0.000	533
Behavioral service quality (BSQ)	27.114	0.000	533
Machine service quality (MSQ)	5.971	0.000	533
Service transactional accuracy (STA)	34.991	0.000	533
Service Quality (SQ)	25.798	0.000	533

Table 2. Significance of Friedman test for ranking service quality dimensions

The Test Statistic	
Statistical indices	Calculated values
No.	240
χ^2 statistic	59.208
Degree of freedom	3
Significance level	0.000

Table 3. Results of Friedman test for ranking service quality dimensions

Service quality dimensions	Mean rank
Service system quality	2.98
Behavioral service quality (BSQ)	2.18
Machine service quality (MSQ)	2.29
Service transactional accuracy (STA)	2.55

Table 4. Friedman post hoc test results for ranking the quality of services

Service quality dimensions	Rank
Service system quality (SSQ)	1
Service transactional accuracy (STA)	2
Machine service quality (MSQ)	3
Behavioral service quality (BSQ)	4

4. Conclusion

In order to achieve research objectives, service quality was studied in Pasargad bank branches of Ahvaz. The results indicate that service quality and its four dimensions are in desirable level in Pasargad bank branches of Ahvaz. By continuing review, an interesting point was obtained. The point concerned is related to the use of Friedman test and ranking dimensions of service quality. The results of this test indicate that the service system quality, service transactional accuracy, machine service quality and behavioral system quality are respectively ranked one to four according to the means acquired. So, it is worth that managers and planners pay more attention to the dimensions of lower ranks and pave the way for improving these aspects.

The following suggestions are provided to help these managers improve the quality of services in their branches.

Suggestions for improving the service quality dimension:

1) Paying more attention to the customers and hearing their requests, needs and desires (Listening to the customer voice),

2) Creating more flexible solutions for doing banking tasks,

3) Giving necessary advices to the customers. These advices can range from guiding clients for visiting a particular counter to consultation on selecting his type of investment in the bank. These consultations can be conducted in person, via telephone or other means,

4) Minimizing the time clients stand in line,

5) Employing individuals with education related to the work they are supposed to do and training existing staff to enhance their capabilities in getting things done,

6) Increase or improvement of the facilities and equipment needed to do banking,

7) Increasing the security factor and deploying guardian for all branches. This is very important from the customers' perspective,

8) Establishing contact possibility via phone or internet for communication of the clients with the bank when necessary.

9) Using newer technologies and methods for banking.

Suggestions for improving the behavioral quality of services

1. Courteous behavior of the staff with customers. Almost all questions answered by the customers reveal that the client is extremely sensitive about the attitudes and behavior of employees; attitudes and behavior of the bank officer is also very important.

2. Employees who deal directly with customers must have a friendly behavior in addition to observing the first case (friendly behavior is beyond courteous behavior) and prove that they have a real desire to serve him.

3. Training staff to enhance their understanding of the customer importance and customer orientation.

Suggestions for improving the machine service quality

(1) Increasing the number of ATMs at the branch. In some cases, ATM is out of order and causes congestion of the clients for using this machine. In addition to causing dissatisfaction among clients waiting in line, it also creates a bad image of the bank in the minds of customers.

(2) Updating and maintaining service for ATMs and fixing defects and deficiencies in the shortest time possible.

Suggestions for improving the service transactional quality (accuracy)

Accuracy of banking transactions can be improved by using advanced money counters, appropriate distribution of duties among employees for preventing additional workload on some employees and using more appropriate working processes.

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