

IMPACT OF EMPLOYEE SATISFACTION ON SERVICE QUALITY- A STUDY ON PUBLIC AND PRIVATE BANKS IN PRAKASAM DISTRICT OF ANDHRA PRADESH

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Abstract

As economic globalization intensifies competition and creates a climate of constant change, winning and keeping customers has become all the more important. Nowadays banks have realized that cost of attracting a new customer is much more than retaining existing customers, so banks are emphasizing more upon customer satisfaction. These days customers demand for top quality services and products served with minimum wait time, so customers prefer techno- savvy banks as well bankers. At this backdrop, the main problem today before the commercial banks, more particularly the public sector banks in India which were earlier operating in a sheltered regime after nationalization, is their long-run survival, tapping quality customers and forging way ahead by retaining their valued customers. In this study, we use descriptive statistics along with chi-square analysis of variance factors. In the present study we have selected public and private bank at the first stage and in the second stage 5 branches from each bank have been selected. Finally, 10 employees from each branch have been chosen. It is found that the main important influencing factors to the work quality of the bank employees in prakasam District of Andhra Pradesh.

Keywords:

Employee Satisfaction, Public and Private Banks, Quality Services

1. INTRODUCTION

Banks these days provide a variety of services ranging from opening a savings account to internet banking, granting loans to selling insurance, providing locker facilities to transferring money abroad [1]. Their customers come from all classes of society from a salaried group to a Multi-National Corporation having its business activities all around the world [2]. The banks have to satisfy all the customers belonging to different social groups [3]. The banking has therefore become more complex and requires specialized skills [4]. People working in banks act as a bridge between the bank and the customer. They are the people who face customers directly and are the first ones to know what customer actually needs [5]. As a service provider their role becomes very important in shaping bank's perception in customer's mind. As services can make or break a customer, much emphasis is laid upon service delivery by most of the banks [6]. The link between service quality and customer satisfaction has been subjected to intense scrutiny by a few service quality researchers [7]. At this backdrop, a study on bank's perception in the mind of customers and comparative analysis of services of private and public sector bank sounds interesting [8]. Such analysis will provide the banks with a quantitative and qualitative estimate of their services as perceived by their customers [9].

2. OBJECTIVES

1. To know the satisfaction levels of selected Public and private bank employees with regard to their Job, working

conditions and the other benefits being provided by the Banks.

2. To find out the main important factors that is influencing the quality of work being rendered by the employees in public and private Bank.
3. To examine the expectations and the level of satisfaction of the customers towards the services rendered by public and private sector banks.
4. To study the preferences and priorities towards types of services provide by the public and private sector banks.

2.1 SAMPLE SELECTION

Multi stage non random sampling method was employed to selected samples in the Prakasam District of Andhra Pradesh. We have selected two banks and the private banks. Finally, 10 employees from each bank were selected. Total number of employees are 100 numbers.

2.2 DATA COLLECTION

A sample questionnaire [10] with 5 point likert scale was employed in the present study.

2.3 HYPOTHESIS

H_0 : There is no significant association between the satisfaction levels of the employee and the nature of the Bank with respect to their Job, working conditions and the Bank being provided by the firm.

3. DATA ANALYSIS

In the present study we used the Chi-square test [11] [12] and factor analysis [13] [14] and reliability scaling [15] [16] for the data analysis.

Table.1. Frequency of their satisfaction over the job

Nature of the Bank	Satisfaction level	FS	S	N	DS	TDS	Total
Public	Counted	17	10	10	8	5	50
	Expected	110	150	100	60	80	500
Private	Counted	05	20	10	4	11	50
	Expected	110	150	100	60	80	500
Total	Counted	22	30	20	12	16	100
	Expected	220	300	200	120	160	1000

The Table.1 shows the frequency of the employee's satisfaction over their job. In Table.1 columns explains the satisfaction level (FS-Fully satisfied, S-Satisfied, N-Neutral, DS-

Dissatisfied and TD-Total dissatisfied) and rows says the nature of the bank taken for the study. Out of 100 respondents only 22 responded that they were fully satisfied with their present job. Secondly 30 respondents said satisfied. Thirdly, 20 respondents did not give any response means they were neutral. Fourthly 12 respondents dissatisfied and lastly 16 respondents fully dissatisfied.

When we compare the public and private banks employees satisfaction levels it is clear that the employees of the public bank are more fully satisfied than the employees of the private bank. But with regard to the satisfied employees the private employees are more than private bank. Finally concerning to the neutral satisfaction and dissatisfaction the response is more or less the same in both the cases that is public and private.

Based on the overall observations it is found that the employees of the public bank are more satisfied than the private bank with respect to their job. And regarding the dissatisfaction the response of the both banks employees is more or less the same.

Table.2. Chi-square test between public and private banks concerning to their job in the selected study area

Statistics	Value	df	Assymp.Sig.(2 sided)
Pearson's Chi -square	13.462 (a)	4	.009
Likely hood Ratio	13.979	4	.007
Linear by Association	2590	1	.108
N of Valid cases.	100		

The Calculated Value of the chi-square is greater than the stipulated value at 0.05 significant levels. Hence, the null hypothesis' there is no significant Association between the employees of the public and private banks in Prakasam District of Andhra Pradesh with respect to their job is rejected. On the overall observation it is clear that based on the nature of the Bank the satisfaction level of the employees is keep on changing.

Table.3. Frequency Table showing their satisfaction over the working conditions

Nature of the Bank	Option	FS	S	N	DS	TDS	Total
Public	Counted	20	8	7	5	10	50
	Expected.	14.5	6.5	11.0	9.0	9.0	50.0
Private	Counted	9	5	15	13	8	50
	Expected.	14.5	6.5	11.0	9.0	9.0	50.0
Total	Counted	29	13	22	18	18	100
	Expected	29.0	13.0	22.0	18.0	18.0	100

The Table.3 depicted the respondents and their satisfaction level over the working conditions. The column in the above Table shows the intensity of the satisfaction and rows says the nature of the Bank. Out of 50 respondents of the public Bank 20 employees were fully satisfied with the working conditions and 8 employees were just satisfied. The remaining 22 respondents were either neutral nor dissatisfied or fully dissatisfied.

In case of the private bank out of 50 respondents only 9 were fully satisfied and 05 were just satisfied with the working conditions. The remaining 34 respondents were either at neutral

stage nor dissatisfied or fully dissatisfied with the working conditions.

Based on the overall observation it is clear that the employees in the public bank are more satisfied than the private bank concern the working conditions available in the premises.

Table.4. Chi-square Test between public and private sector banks with respect to the working conditions.

Statistics	Value	df	Asymp.sig (2 sided)
Pearson's Chi-square	11.552(a)	4	0.21
Likelihood Ratio	11.860	4	0.18
Linear By Linear by Association.	3.853	1	0.50
N of Valid Cases.	100		

The P-value in the above Table is less than the selected significant level 0.05. Hence the null hypothesis that there is no significant relation between the public and private bank employees with respect to the working conditions is rejected and it is being accepted at 0.01. Significant levels as seen in the above Table. That means the two banks employees satisfaction levels are independent each other.

It is found that the working conditions available in the public bank are different from the private Bank is not the same. And the employees of the private sector Banks are not satisfied as par with the Public Sector banks.

Table.5. Frequency table showing their satisfaction over the frintze benefits

Nature of the Bank	Satisfaction level	FS	S	N	DS	TDS	Total
Public	Counted	10	5	12	16	7	50
	Expected	7.5	7.5	11	13	11	50
Private	Counted	5	10	10	10	15	50
	Expected	7.5	7.5	11	13	11	50
Total	Counted	15	15	22	26	22	100
	Expected	15	15	22	26	22	100

The Table.5 explains the satisfaction level of the employees in both banks fringe benefits. With regard to the public bank out of 50 respondents 15 were either fully satisfied/not satisfied with respect to the fringe benefits being provided. The remaining 35 respondents were neither neutral not dissatisfied as seen in the Table.

In the case of private banks also the same thing we would see concerning to the satisfied fully satisfied respondents. But with regard to neutral and satisfied respondents it was somewhat different but on overall it was also the same.

It is clear that there is no much difference in the satisfaction level of the employees of the both Public and Private Banks with respect to the frintze benefits being provided by the Banks in Prakasam District.

On the overall observation it is clear that the both the Banks the neutral and dissatisfied respondents are more than the

satisfied. Hence, both the Banks must review the frenzy benefits being provided.

Table.6. Chi-square test between public and private banks with respect to the frintze benefits

Statistics	Value	df	Asymp. Sig. (2 sided)
Pearsons Chi-square	7.809 (a)	4	.099
Likelihood Ratio	7.954	4	.093
Linear-by-Linear Association	1.219	1	.270
N of Valid Cases	100		

The calculated two sided value is bigger than the selected 5% significant level. Hence the NULL hypothesis that there is no significance association between the satisfaction level of the Public and Private Banks is accepted.

Table.7. Factor Analysis

Variables	Component 1	Component 2	Component 3
Salary	.487	.826	.926
Promotions	.821	.474	.565
Working conditions	.515	.801	.415
Co-workers Relations	.833	.495	.333
Leaderships	.847	.470	.647
Superiors	.831	.491	.431
Workload	.401	.877	.501
Stress	.932	.240	.432
Job fit	.869	.344	.469
Work life	.857	.444	.457
Education	.903	.309	.603
perception	-.185	.066	.055
Gender	.588	.254	.288
Career development	.387	.874	.487
Family condition	.836	.412	.336
Transportation	.829	.475	.429
Health	.859	.446	.459
Refreshments.	.412	.241	.412
Working place	.309	.086	.079
Working time	.798	.262	.168

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

(a. Rotation converged in 5 iterations.)

3.1 RELIABILITY SCALING

With a view to give assurance for the above three components we would like to calculate the reliability scaling. For the first factor the Cronbach Alpha value for the twelve variables was 0.981.

Table.8. Item Total Statistics

Factor-1 Variables	Scale Mean if item deleted	Scale variance of Item if deleted
Promotions	33.4300	109.682
Relations among co-workers	32.4500	126.775
Leaderships	32.4600	126.635
Superiors	32.4400	126.532
Stress	33.9700	111.646
Job fit	33.2600	114.982
Work life	32.4600	126.271
Education	33.9600	113.211
Family condition	33.8000	119.212
Transportation	33.2300	112.320
Health	32.4700	126.514
Working time	34.8200	133.260

In the Table.8 we could observe the corrected item total correlation Value and Cronbach's Alpha if item is deleted value. After observation we could find the most important variables like education, Transportation, Job fit, and promotions were the main factors which influencing the work quality of the public and private bank employees. We could name to the first factor as education which consisted the other important variables influencing the work quality of the employees in both the banks were transportation, job fit and promotions.

3.2 FACTOR-2

For the second Component the Cronbach Alpha Value for the four variables was 0.980. The following table illustrates the main important variable that has to be taken in to consideration.

Table.9. Item - total statistics

Variables Component-2	Scale mean if item Deleted	Scale variance if item deleted	Corrected item-Total correlation	Cronbach's Alpha if item deleted
Salary	4.9700	1.928	.958	.970
Working conditions	4.9800	1.939	.940	.975
Work load	4.9300	1.965	.956	.971
Career Development	4.9200	1.994	.938	.976

In the Table.9 it is clear that we can take in to account the salary and the work load as the main important variables which mostly influencing the public and private bank employees. The other two variables can be eliminated as their value is nearer to the stipulated Cronbach's Alpha value. We could name the second component as salary which is consisted the other factors like the work load, working conditions and career development.

3.3 FACTOR-3

The Cronbach's Alpha value for the four variables in the third component was 0.854. The following Table illustrates the main important variables that have to be taken in to account.

Table.10 Item-Total Statistics

Variables-component-3	Scale Mean Item deleted	Scale variance if item deleted	Corrected Item-Total Correlation	Cronbach's Alpha if item Deleted
Perception	9.7700	7.795	.605	.853
Gender	9.3600	9.283	.582	.864
Refreshments	9.7900	6.632	.793	.771
Working place	9.3600	6.132	.857	.739.

In the Table.10 it could observe that the main important variable was working place. Later the perception and the refreshment were the main important variables which influencing the work quality of the public and private employees in Prakasam District of Andhra Pradesh.

We would like to suggest to the both the Banks to create conducive atmosphere at the work place in turn leads to quality services.

4. CONCLUSIONS

The present study attempted to examine service quality dimensions of banking institutions and also to understand difference between expectation and satisfaction of customers of two main banking sectors that is public and private. The study reveals that most important service quality practice on customer satisfaction is empathy followed by responsiveness, tangibility, reliability, and assurance. Private Banks seems to have provided better services and give better facilities than public sector banks in most of the areas and thereby they are successful in maintaining long association with their customers. Public sector banks on the other hand enjoy customer trust, which they have been using for their survival. Private sector Banks need to be innovative and adaptive to maintain their market place while public sector banks must improve their physical facilities, technology usage and also impart soft skill training to their employees. Customer satisfaction is a pre-requisite to compete successfully in market. It acts as a leading indicator of the customer purchase intention and loyalty. Satisfied customer tends to repeatedly avail same bank's services and also buy their products. They also create new customers by communicating positive message about it to others. As there is a stiff competition between banks, they are forced to be customer-centric in order to retain the existing customers and to acquire new ones. It is necessary for all banking institutions to deliver high quality services and attempt to assess and monitor their service quality periodically. Such practice will enable them to identify

improvement areas and incorporate customer's views while taking control measures.

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