

AN EMPIRICAL STUDY ON MANAGERS' PERCEPTION ABOUT RETURN ON QUALITY

Jaspreet Kaur, Chandigarh University, Ghraua (Mohali)

ABSTRACT

This study is predominantly based on the banking sector. There are distinct banks in the market of India but the main functions of all the banks are the same. If we talk about the difference between the banks that How the banks are different from one another? Difference depicts on the basis of the quality of services provided by the different banks. So, the main objective is to find out how much focus the banks on providing quality services and to check what efforts the bank should initiate to improve the quality of services. Rather than this research is regarding the Managers perception of quality improvement efforts and the relationship of financial returns with the quality efforts (ROQ). Methodology: In this study 10 banks, i.e Five Public and Five Private Banks were included from Punjab. The study included 100 managers of different banks in this Research paper. The stratified sampling plan was used to collect the data with a well-structured questionnaire. Findings: On the basis of research, we find out that banks provide quality services to their customers and these services increase their returns but the managers take it as a burden at times because they think it's very difficult to satisfy the customers. Implications: This study mainly helps the banking sector. They will be able to know the benefit they getting after providing tremendous services to the customers. Originality: This paper is original and there is no empirical research on that had been done earlier, that's why the literature review is very limited.

Keywords: Banking Sector, Quality services, ROQ, Customers, and Managers.

INTRODUCTION

In today's scenario, many people are educated and the life of everyone is very fast. In Busy life, no one has time to wait. Wait for making deposits, wait to stay in the queue for deposit and taking cash, wait for the just query about the current balances in their account. Every people is busy in their daily routine. Because most of the transactions are done through the banks so due to this every people (student, businessman, service provider, and old age people) use the services of bank frequently. On the different side, we can say that the services of banks are very important. Services must be provided with quality, which is very essential. An organization either dealing with a product or services if they are not going to provide quality in their products or services they lose their customers or in another hand, we can say that they are unable to survive in a market. So the role of the manager towards providing quality services is important. Managers are the only ones who is the intermediate between customers and banks. They do regular basis dealing with the customers. So the many expectations of the customers are firstly fulfilled by managers which are very essential. So this research was basically based on the two objectives. The main objective of this research is to know how much focus the managers on providing the service quality.

Another objective was to study the perception of Managers about quality improvement efforts and their relation to return on quality (ROQ). Means In this paper, we consider the manager's perspectives related to the service quality. We see what they think about quality, is quality financially beneficial for their organization or not? According to managers, what level of service is expected by the customers? On Another hand, profits are also necessary for every organization. If an organization is earning less than its expenditure then survival of the organization is not possible.

LITERATURE REVIEW

Rust et. al. (1995) provided a study on ROQ and find that there is diminishing return to expenditure on quality improving quality. The study helps to find a point after which further expenditure on quality is unprofitable. Rust el. Al. (2004) conducted research in which what-if evaluation of marketing return on investment was done. According to them, return on quality, advertising, loyalty programs, and even on corporate citizenship, given a particular shift in customer perceptions and enables the firm to focus on marketing efforts to get more returns. The results show how to achieve financial returns from quality improvements.

Abraheem and Yaseen (2011) conducted research on Service Quality Perspectives and Customer Satisfaction in Commercial Banks working in Jordan. Service quality measure is based on a modified version of SERVQUAL as proposed by Parasuraman et al. (1988), which involves five dimensions of Service quality, namely Reliability, Responsiveness, Empathy, Assurance, and Tangibles. Multiple regression technique was used to test the impact of service quality on satisfaction of customers. The results shows that service quality is an important measure to check the customer satisfaction. It is apparent from the study that managers and decision-makers in Jordanian commercial banks seek and improve the elements of service quality that make the most significant contributions to customer satisfaction. Radomir, Alan Wilson, and Mircea found that human resources have the greatest impact on customer's satisfaction with bank territorial units and that both "Convenience and Efficiency" and "Bank personnel" are the dimensions that bank management should consider in their efforts to improve and maintain the service quality level. According to them, that is the first study that tries to emphasize the relationship between service quality dimensions and Romanian customer's satisfaction with bank territorial units.

Rashid and et. al. (2011) in their study of Banking Service Quality Provided by Commercial Banks and Customer Satisfaction find that the order of importance of the dimensions of service quality tested here is: Assurance; Reliability; tangibles; Empathy; and Responsiveness. Customer satisfaction is mostly influenced by service quality. So the bank managers to place an emphasis on the some dimensions of service quality, especially on Assurance. Saraswathi (2011) examines the level of service quality of banks perceived by the customers. The popular instrument called SERVQUAL has been used to measure service quality. Customer's perceptions play a significant role in defining the service particularly in the service sector like banks. The perception Servqual scores, of the respondents, reported reasonably well for all the items except one i.e. Prompt response from staff. The result of the impact of demographic variables on the service quality perception found that except gender other demographic variables show significant differences in perceived service quality.

Nazia Nabi (2012) examines Customer Expectations of Service Quality and use questionnaire methods. 100 customers have been selected by using the convenient sampling method. Quantitative research is conducted for this study. This study concluded that among the several dimensions, customers give emphasis on tangibles, responsiveness, and assurance while

evaluating service quality. The study highlights implications for marketers in the banking industry for more focus on what customers expect and improvement in the delivery of service quality.

Agarwal et. al. (2012) in their study explained that customer loyalty is directly related to customer satisfaction and it definitely improves the profitability of any firm. The majority of the respondents considered the brand image, sound quality, durability, price, size availability, after-sale services, and attractiveness as major factors which influence the consumers' purchase decision.

Eklof et. al (2018) conducted research on customer satisfaction and financial performance of Scandinavian banks. According to them, customer satisfaction and loyalty have a positive relation with banks' profitability. That also helps to find out the future trend of profitability with the analysis of previous year influences. These decisions help both decision-makers of banks and investors.

Objectives of the study

1. To know the focus of the banks to provide service quality.
2. To study the perception of Managers about quality improvement efforts and its relation to return on quality (RoQ) i.e. to understand the managers' acuity on the relationship between quality expenditures and its financial accountability by considering whether quality efforts by Indian banks bring financial benefits to them.

Data Collection

Both the objectives were related to the managers so for this study, I have collected data from 100 managers from the different selected banks. Banks are selected on the basis of an annual report issued by RBI i.e. the deposits they held in the year 2020-2021. Five Public Banks selected for the sample are the State bank of India (SBI), Bank of Baroda (BOB), Punjab National Bank (PNB), Canara Bank, and Bank of India. Five Private Banks selected for study are HDFC Bank, ICICI Bank, Indusland bank, Axis Bank, Kotak Mahindra Bank, Selected banks represent the overall services offered by commercial banks in Malwa region of Punjab.

For the collection of data Primary source of data collection i.e Questionnaire method is adopted which contain different types of questions like Part-A is related to Demographical detail. Part-B is related to the general questions related to bank. Table 1 shows that data is collected from a total of 100 managers 72 % of which are Male and 28% are Female. On the basis of age, Out of 100 managers, 45% are from 18-30 years of age, 35% of which comes under 30-50, years and only 20 % managers are of More than 50 years of age. About qualification Most of the managers done post-graduation like 55% Managers had done Post-graduation, 27% had done graduation and 18 % had done other courses.

Particulars	Pvt N (%)	Public N (%)	Total N (%)
Gender			
Male	33(50.6%)	39(49.4%)	72 (66.8%)
Female	17 (48.8%)	11(51.2%)	28(33.2%)
Age			
18-30	34(50.2%)	11(49.8%)	45(61.8%)

30-50	15 (50.9%)	20 (49.1%)	35(32.2%)
>50	1 (43.3%)	19 (56.7%)	20(6%)
Qualification Graduation	13(58.3%)	14 (41.7%)	27 (14.4%)
Post graduation	29(50.0%)	26(50.0%)	55(42.4%)
Others	8 (54.1%)	10 (45.9%)	18(12.2%)

Focus	Private bank	Public bank	Total
Very Less	0	0	0
Less	2	0	2
Moderate	6	7	13
High	19	15	34
Very high	23	28	51
Total	50	50	100

Table 2 show the focus of banks on providing the best quality services. So 51 managers out of 100 (Mean 4.34) says that they are having a very high focus on providing the best quality services. 34 managers out of 100 say that they are having a high focus on providing the best quality services not very high and only 2 managers out of 100 say that they are having very little focus on providing the best quality services.

Focus	Private bank	Public bank	Total
<1 year	1	1	2
1-5 year	19	11	30
5-10 year	12	8	20
>10	18	30	48
Total	50	50	100

Table 3 reflects that most of the banks are providing service quality for more than 10 years.48 banks out of 100 are involved in providing the service quality for more than 10 years.

Focus	Private bank	Public bank	Total
Less	3	11	14
Moderate	8	2	10
High	23	17	40
Very high	16	20	36
Total	50	50	100

Table 4 shows that most of the employees mean 40 employees out of 100 feels that the bank put high pressure on them to adhere to the quality policy. 36 out of 100 feel the bank put very high pressure on them, and only 14 employees feel less pressure while adhering to the quality policy. According to this, most employees feel pressure when they have to follow the quality policy.

Focus	Private bank	Public bank	Total
Strongly disagree	1	1	2
Disagree	0	2	2
Neutral	4	0	4
Agree	16	15	31
Strongly agree	29	32	61
Total	50	50	100

Table 5 depicts that most of the employees mean 61 employees out of 100 feel that quality services defiantly add significant returns to a bank, they strongly agree with that statement. 31 out of 100 also agree with this statement. Only 2 employees feel disagree & strongly disagree with that statement. So most of the employees feel quality services are important from the point of view of returns.

Particulars	Private bank	Public bank	Total
Tangible	9	6	15
Reliability	26	30	56
Responsiveness	12	3	15
Assurance	0	10	10
Empathy	3	1	4
Total	50	50	100

Table 6 According to this table, Most of the employees 56 employees out of 100 feel that reliability is the main factor that will contribute the most to ROQ, and only 4 employees out of 100 feel empathy will contribute to the ROQ most.

Particulars	Private bank	Public bank	Total
None	1	7	8
Very Less	8	6	14
Can't say	3	1	4
High	13	21	34
Very high	25	15	40
Total	50	50	100

Table 7 reflects that most of the employees 40 employees out of 100 feel that cost of the quality is very high which means managers have to bear a very much cost for providing the quality in their work.34 out of 100 feel the cost of the quality is high.14 out of 100 feel that cost of quality is very less. Only 8 employees out of 100 feel the quality has a no cost.

Table 8 shows that mean of updating ICT is 4.46 which means employees strongly agree with that statement that the bank should initiate efforts to improve ICT services. After, this according to means employees agree that bank should focus on manager relationship (Mean 4.11) and Improve infrastructure (Mean 4.10). Means of fewer formalities and reduce time taken

Particulars	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std.deviation
Tangible	2	19	14	35	30	3.72	1.15
Reliability	27	46	6	22	5	2.38	1.23
Responsiveness	0	20	10	27	43	3.93	1.16
Assurance	31	33	0	36	0	2.41	1.26
Empathy	0	3	2	45	50	2.47	1.28

settlement is 2.42 and 2.31 which is very less that means employees disagree with this statement. According to the table, customers are satisfied with the formalities followed in the bank and waiting time for work is also satisfactory for them.

Table no 9 According to this table mean of responsiveness and tangibility is 3.93 and 3.72 which means most of the employees are agree with these statements that mean responsiveness and tangibility require a heavy expenditure for maintaining the quality policy. The Mean of Empathy, Assurance, and Reliability is 2.47, 2.41, and 2.38 which is less.

That means according to managers Empathy, Assurance and Reliability attributes required less expenditure in the quality policy.

Focus	Private bank	Public bank	Total
Strongly disagree	0	0	0
Disagree	0	3	3
Neutral	2	0	2
Agree	27	18	45
Strongly agree	21	29	50
Total	50	50	100

Table 9 shows most of the employees mean 50 employees out of 100 are strongly agree with the statement that quality services of the bank are good and 45 employees out of 100 are agree with the statement only 3 employees disagree with the quality services of the bank.

Focus	Private bank	Public bank	Total
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Strongly disagree	2	6	8
Disagree	12	7	19
Neutral	0	4	4
Agree	19	18	37
Strongly agree	17	15	32
Total	50	50	100

Table 10 reflects most of the employees 37 employees out of 100 agree with the statement that quality services are feeling like a burden and 32 employees out of 100 are strongly agree with the statement only 19 employees disagree with that statement. That reflects most of the employees feel quality services as a burden.

Particulars	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std.deviation
Increased market share	7	21	3	42	27	3.61	1.27837
Increase profits	17	39	0	29	15	2.86	1.40000
Increase customers satisfaction	0	2	4	30	64	4.56	.67150
Regulatory compliance	0	1	1	31	67	4.64	.55994

Table 11 shows that providing service quality is the regulatory compliance and bank can gain customers satisfaction after providing quality services. Managers are strongly agreed with the statement that with this customers are getting satisfied. After that Manager feels that quality also increase the market share of the banks but Manager disagrees with the statement that bank gain profits because they feel the cost of the quality is more than the profit they gain.

Particulars	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S. D
Trained and qualified staff	0	16	3	53	28	3.93	.98
Modern banking	0	0	1	30	69	4.68	.49
Frequent training programs for employees	0	16	0	47	37	4.05	1.0
Emphasis on the good behavior of	0	26	6	50	18	3.60	1.0

staff							
Short down the formalities	0	36	12	32	20	3.36	1.2
Designing new ways to deliver services	0	25	7	30	38	3.81	1.2

Table no 12 according to this table, the mean of modern banking is 4.68 which reflects that most of the employees are strongly agree with this statement that the banks should incur the cost on modern banking so that quality services getting increase. After that employees agree that bank should incur the cost of training programs of staff and qualify the staff. Then they have to design new ways to deliver the services. After this, they emphasize the good behavior of the staff. Managers are neutral about reducing the formalities.

Particulars	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
Satisfied employees	20	52	0	20	8	2.44	1.24
Smooth functioning	1	5	2	41	51	4.36	.84
Fair practices	5	19	1	32	43	3.89	1.29
Customer loyalty	3	43	1	37	16	3.20	1.24

Table 13 reflects that by offering quality services banks can ensure qualitative benefits like the smooth functioning of their bank and fair practices. Managers are neutral about customer loyalty toward the bank. But managers disagree with the statement of satisfied employees because they are not ensuring that the employees get satisfied with them or feel like it is a burden.

Findings

1. According to the managers, they are having a high focus on providing the best quality services because the organization also maintains a quality policy and the bank puts high pressure on them to adhere to the policy.
2. No doubt, Most of the employees feel the quality services definitely add significant returns to the bank.
3. According to the manager, Assurance is the main attribute with which the bank's returns increase. They think when they provide accurate information to the customers then they get more satisfied.
4. On the other side, if return increase with the providing of the quality then definitely cost increases. So according to the managers, the cost of the quality is very high.

5. According to the managers, if a bank wants to improve in their efforts related to quality then they must have to improve in their ICT-related efforts because now a day's everything is hi-tech and there is a need to improve the information technology-related efforts.
6. There are many services offered by banks. Managers say that deposit services require more emphasis and they affect more on quality and credit card is used by few customers so there is less need of improvement.
7. Most employees feel the quality services of their bank are good but they also feel like a burden because they think it's very difficult to meet the expectations of customers.
8. With the quality services, cross-selling products increase no doubt, but they spend a lot to improve tangibility and responsiveness.

CONCLUSION

Research shows that no doubt the bank provides quality services to their customers and that increases their returns also but the managers take it as a burden at times because they think it's very difficult to satisfy the customers. Regarding the expectations of customers, they tell it's not easy to meet the expectations. They tell if the return increases with providing the service quality the cost also increases with this, otherwise they also show their interest to improve information services, deposit services, and assurance factor.

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