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## *Two-Dimensional Analysis: A Study of SBI and HDFC Bank*

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**Abstract:** *In India, the service sector has been emerging as the dominant component of the economy. Liberalization process has increasingly exposed Indian Industry to international competition and banking being a service industry is also not an exception.*

*This paper attempts to identify service quality dimension in which the bank is performing well and in which it needs improvement. The paper then assess and compare the overall service performance of SBI and HDFC bank on nine factors identified. Finally based on the performance, two dimensional performance matrix for both the banks is prepared.*

*The basic objective of the analysis is to understand customer's attributes which they are using to judge service quality. This helps the banks to improve upon them.*

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### I. INTRODUCTION

Excellent service will be a genuine key to a better future- for those who give service, as well as, for those who receive it; for companies that make things, as well as, for companies traditionally labeled service businesses; for our country's national pride, as well as, it's economic competitiveness. This is a new age of the service economy in India. What kind of future is in store for our citizens, our communities, our industries, our economy, and our national self-respect if our service is slovenly, uncaring, and incompetent?

In India, the service sector has been emerging as the dominant component of the economy. Certain types of services have been growing particularly. Higher education service is one example. Hotels & Hospitality is another. Financial services is yet another.

Liberalization process has increasingly exposed Indian Industry to international competition and banking being a service industry is also not an exception. The environment has become quite challenging after the sub prime crisis resulting in an unprecedented global liquidity crunch.

Banks are investing a lot of money on web technologies and are therefore expecting numerous benefits on their investments. The intensifying competition in today's market has forced banks to seek profitable ways to differentiate themselves. Companies have moved their focus from products and services toward a customer-centered focus as a tool to gain competitive advantage and a great return on already made investments. The success in these customer-centered businesses is to deliver high service quality. Already in the end of the 1980's researchers were determined that if the companies wanted to succeed they needed to give the development of service quality the highest priority. The delivery of high service is a challenging task and to provide their customers with high service quality, companies must know what their customers want and need. Because of factors that are unique to services, companies face difficulties while delivering service quality: intangibility, heterogeneity, inseparability and perishability. Because services are intangible they can not be felt, smelled or tasted which

makes it hard for customers to evaluate the service quality. Furthermore, services are not possible to store for later use, they are consumed immediately. Therefore companies need to offer other visible indicators where customers could evaluate the delivered service quality. Services heterogeneity means that services are not produced by single unit and then distributed to customers. This means that the quality of services varies depending on who provides them as well as when, where and how services are provided.

Here the focus is on the employee and the way in which the service is delivered and perceived by the customer will depend on the employee. Services are perishable which means that they are consumed when they are provided and can not be stored. Service has many definitions, one definition has been chosen that describe it in summary: "A service is something that can be bought and sold, but which you cannot drop on your foot." Both managers and academic researchers have in recent years given a great deal of interest in measurement of customer satisfaction and perceived service quality. Spreng et al (1996) discuss the difference between customer satisfaction and perceived service quality and suggest that these are not the same and that companies need to take both into consideration. This is because companies need to know whether they should focus on having satisfied customers or to deliver the maximum service quality. Perceived service quality according to Parasuraman et al is "a global judgment of, or, attitude relating to the superiority of the service" and this definition can be found in other service literature. The definition of the customer satisfaction has not the same clear definition but Spreng et al use the definition "an evaluative, affective or emotional response."

## II. SERVQUAL – SERVICE QUALITY MEASUREMENT: STATEMENT OF THE PROBLEM

The SERVQUAL measurement can be accepted as a traditional way of measuring the perceived service quality and is a basic skeleton of underlying service quality.

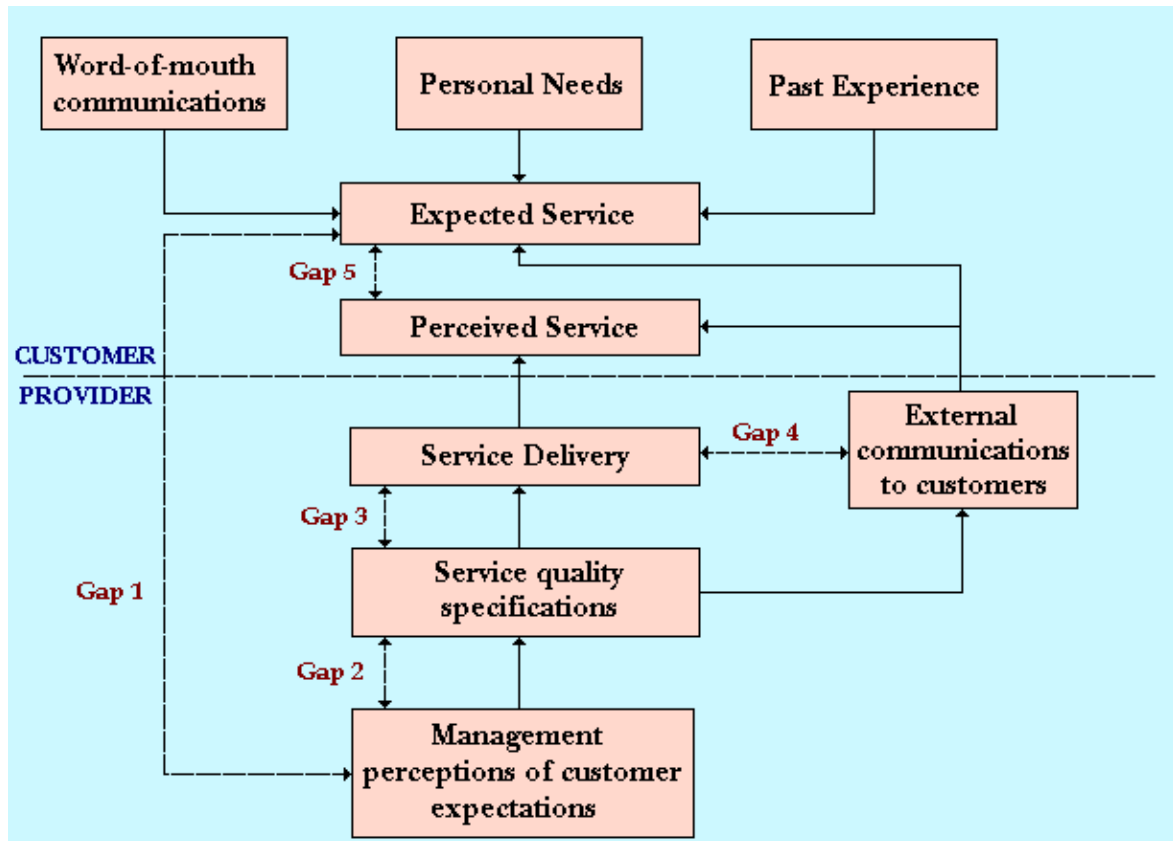
According to the Finnish author Christian Grönroos, many of these studies derive from the same point that service quality is experienced from a comparison between anticipation and experience with consideration to a couple of quality attributes. SERVQUAL is conducted through Gap Analysis wherein items being studied are divided into five dimensions namely *Tangibles*, *Reliability*, *Responsibility*, *Assurance* and *Empathy*.

Tangibles are about the physical facilities that companies have, including the appearance of the employees. Reliability shows that the employees show that they can dependably perform their service and customer attain and sustain their trusts in the company. Responsibility is when the company is willing to help customers and provide them with the best service. Assurance is when company's employees are containing knowledge and with their ability inspire trust and confidence to customers. The last dimension is Empathy and this shows that the company is giving the customer attention and is caring.

It is important to note that much of the research that has been performed about service quality is deriving from SERVQUAL. Many of the dimensions that construct the instrument are adapted to the other instruments of measurements. Technology, which is the major force in shaping the buyer-seller interaction, is having an impact on the service quality. Within the e- banking, banks need to focus their attention on customers and to understand customer's attributes which they are using to judge service quality.

## III. GAP ANALYSIS

The knowledge of how to measure service quality is of great importance for the companies if they want to succeed in today's competitive market. The measurement of perceived service quality derives from the Gap analysis, which was originally conducted during the end of the 1980's. The instrument has been used a lot within the service literature and as a basic tool for companies in measuring the perceived service quality.



- Gap analysis was developed not only to help managers analyze the sources for quality problems but also to help them in understanding how to improve the service quality.

#### IV. OBJECTIVES

The objectives of the study are:

- To assess and compare the overall service performance of SBI and HDFC bank through two-dimensional performance matrix.
- To know in which service quality dimension the bank is performing well and in which dimension it needs improvement.
- To know customers requirements or expectation for service.

#### V. SAMPLING DESIGN

- Sample Area: Ahmedabad
- Sample size: 100 HDFC and 100 SBI customers
- Sample Design: Samples selected in the survey are those who are the customers of either HDFC or SBI or both.
- Sampling technique: Convenience sampling.

## VI. DATA ANALYSIS

The data is collected and analyzed using tools like SERVQUAL and Two-Dimensional Analysis. The following nine factors have been identified for both the banks to perform Two-Dimensional Analysis:

Sr. No.	Factor	Question
1	Appearance	Modern looking equipment
		Visually appealing facilities
		Neat appearing employees
		Visually appealing physical facilities
2	Promises	Keeping promise to do something by certain time
		Providing the service at the time the service was promised
3	Doing it right	Showing sincere interest in solving a customer's problem
		Performing the service correctly the first time
		Insisting on error free record
4	Promptness	Employees giving prompt service to customers
		Employees are never to busy to respond to customers' request
5	Willingness	Employees telling customers exactly what services will be performed
		Employees always being willing to help customers
6	Competency	The behavior of employees instilling confidence in their customers'
		request
		Employees being consistently courteous with their customers
		Employees having enough knowledge to answer customers' questions
7	Credibility	Customers feeling safe in their transaction
8	Approachable	Operating hours convenient to all their customers
		Having the customers' best interest at heart
9	Understanding	Giving customers individual attention
		Employees giving customers personal attention
		Employees giving customers personal attention

The respondents have given some points to the nine factors for SQM. The points are considered proportionate to 100. On the basis of these proportionate points, the average points for each of the factors are obtained

**Key Findings**

- ❖ HDFC has more satisfaction level of respondents for dimensions tangibility and empathy; whereas SBI has more satisfaction level of respondents for remaining three dimensions i.e. reliability, responsiveness, and assurance.
- ❖ Most of the respondents for both the banks are less satisfied as far as visually appealing physical facilities concerned and neat appearing employees are concerned.
- ❖ The difference in score was more for SBI, so HDFC was lagging more on reliability dimension.
- ❖ Insisting on error-free records the difference in score was huge for SBI in comparison to HDFC. Also there is moderate difference in score for performing the service correctly the first time for SBI over HDFC. Hence HDFC needs to improve on these two factors as far as reliability dimension is concerned.
- ❖ For these three factors keeping promise to do something by certain time, providing the service at the time the service was promised and, performing the service correctly the first time both the banks can improve the level of satisfaction as there were less number of respondents who were satisfied.

- ❖ For employees telling customers exactly what services will be performed difference is so large for SBI over HDFC so HDFC has to focus on this factor to improve score on responsiveness dimension.
- ❖ Whereas for SBI they are almost performing well on responsiveness dimension, but they need improvement on employees always willing to help customers.
- ❖ Employees telling customers exactly what services will be performed and employees are never to busy to respond to customers' request for these two questions both the banks had less satisfaction of customers so by focusing on this to factors they can improve satisfaction level.
- ❖ Both the banks are performing nearly same on dimension assurance, as there was slight difference in the score.
- ❖ HDFC has more number of respondents which were moderate to highly satisfied level and for SBI respondents in satisfied zone were more but there were less number of respondents in moderate to highly satisfied level so due to more numbers of respondents in satisfied level, score of SBI is more.
- ❖ Employees having enough knowledge to answer customers' questions, here both the banks need to improve on this factor as there were more numbers of respondents in level 3 and level 4 for both the banks, so by focusing on this they can improve satisfaction level of their customers.
- ❖ SBI has to improve in all the aspects for the dimension empathy as HDFC is performing well on this dimension. Mainly they have to focus on giving customers individual attention and employees giving customers personal attention as they were more lagging behind in these factors in comparison of HDFC.
- ❖ Both the banks need to improve its service for employees giving customers personal attention, operating hours convenient to all their customers, having the customers' best interest at heart and the employees understanding the specific needs of customers as there were more numbers of respondents who were either not satisfied or less satisfied.

## VII. TWO-DIMENSIONAL ANALYSIS

The following table reveals the average points (average of all responses) for each factor identified for both the banks:

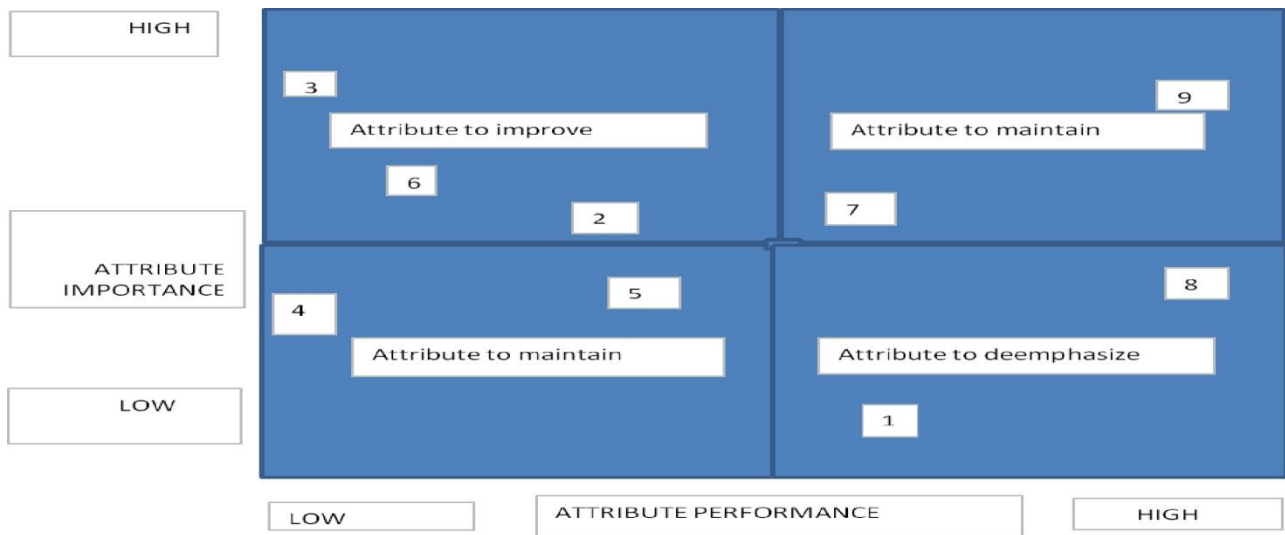
Factors	Performance of HDFC	Performance of SBI
Appearance	5.08	4.93
Promises	8.77	8.89
Doing it right	7.69	7.54
Promptness	13.01	13.32
Willingness	11.76	11.31
Competency	8.63	8.64
Credibility	17.75	17.66
Approachable	13.06	13.54
Understanding	8.75	8.87

The average response for credibility is the maximum. This means that safety in the transaction is the prime concern for customers. The average response to approachability and promptness are close to one another in case of both the banks.

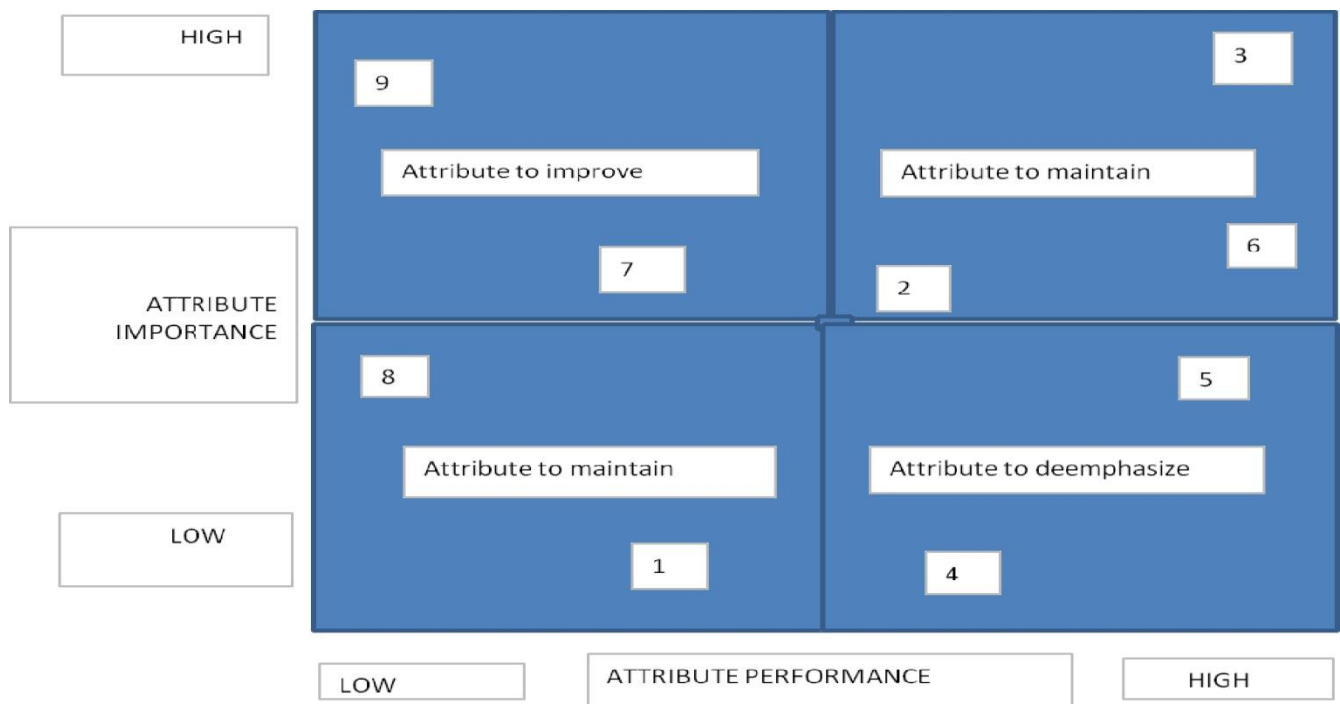
On the other hand, the least important factor is appearance. This means that customers are not identifying banks providing modern facilities, neat appearing employees and virtually appealing facilities as an excellent service provider. The average response to doing it right and competency is also less for both the banks.

Based on the performance, following performance matrix is prepared for both the banks:

**HDFC:**



**SBI:**



**Recommendations:**

**HDFC:**

- ❖ HDFC needs to improve on mainly these three factors i.e. Promise, Doing it right and Competency as these factors are more important for banking industry and they are lagging on these factors as compared to SBI.
- ❖ HDFC should maintain these four factors i.e. Promptness, Willingness, Competency and Understanding as in these factors either HDFC is performing well or doing up to the mark and these four factors are important for banking industry.
- ❖ HDFC should deemphasize on factor Appearance and Approachable as in these factors they are performing well, but these factors have less importance as compared to other factors.
- ❖ HDFC should concentrate on insisting on error free records, on performing the service correctly the first time and employees telling customers exactly what services will be performed.

**SBI:**

- ❖ SBI should improve its performance on Understanding and Credibility as these factors are important for banking industry and they are lagging in these two factors.
- ❖ SBI should concentrate on employees always being willing to help customers, on giving customers individual attention, on employees giving customers personal attention.
- ❖ As SBI is performing poorly in all the aspect of empathy dimension, so SBI should concentrate on this dimension more.
- ❖ SBI should maintain these five factors i.e. Appearance, Promises, Doing it right, Competency, and Approachable in these factors either SBI is performing well or doing up to the mark and these four factors are important for banking industry.
- ❖ SBI should deemphasize on factor Promptness as in this factor they are performing well, but these factors have less importance as compared to other factors.

**BOTH HDFC AND SBI:**

- ❖ Both the banks should increase satisfaction level of their customers by mainly focusing on following factors:
- ❖ Keeping promise to do something by certain time.
- ❖ Providing services at the time the service was promised.
- ❖ Performing the services correctly the first time.
- ❖ As on above factor, most of the respondents shows neither satisfied nor dissatisfied, so by improving this factors satisfaction level can be improve.

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**Annexures:****Questionnaire****SERVQUAL for HDFC/SBI**

Please rate the following 22 SERVQUAL instruments by circling the number from “strongly disagree=1” to “strongly agree=7” accordingly to your perception.

1	Modern looking equipment	1	2	3	4	5	6	7
2	Visually appealing physical facilities	1	2	3	4	5	6	7
3	Neat-appearing employees	1	2	3	4	5	6	7
4	Visually appealing materials associated with the service	1	2	3	4	5	6	7
5	Keeping promise to do something by a certain time	1	2	3	4	5	6	7
6	Showing sincere interest in solving a customer's problems	1	2	3	4	5	6	7
7	Performing the service correctly the first time	1	2	3	4	5	6	7
8	Providing the service at the time the service was promised	1	2	3	4	5	6	7
9	Insisting on error-free records	1	2	3	4	5	6	7
10	Employees telling customers exactly what services will be performed	1	2	3	4	5	6	7
11	Employees giving prompt service to customers	1	2	3	4	5	6	7
12	Employees always being willing to help customers	1	2	3	4	5	6	7
13	Employees are never too busy to respond to customers' requests	1	2	3	4	5	6	7
14	The behavior of employees instilling confidence in their customers	1	2	3	4	5	6	7
15	Customers feeling safe in their transactions	1	2	3	4	5	6	7
16	Employees being consistently courteous with their customers	1	2	3	4	5	6	7
17	Employee having the knowledge to answer customers' questions	1	2	3	4	5	6	7
18	Giving customers individual attention	1	2	3	4	5	6	7
19	Operating hours convenient to all their customers	1	2	3	4	5	6	7
20	Employees giving customers personal attention	1	2	3	4	5	6	7
21	Having the customers' best interests at heart	1	2	3	4	5	6	7
22	The employees understanding the specific needs of customers	1	2	3	4	5	6	7



**Personal Information**

1. Gender
  - Male
  - Female
2. Age
  - 25 years and below
  - 26-35 years
  - 36-45 years
  - Above 45 years
3. Education
  - Below H.Sc.
  - Completed school education
  - Graduate
  - Post Graduate
4. Occupation
  - Own business
  - Government employee
  - Professional
  - Student
  - Housewife
  - Other
5. Income
  - Less than 1 lakh p.a.
  - 1-3 lakh p.a.
  - 3-5 lakh p.a.
  - More than 5 lakh p.a.