

Chapter – I

Introduction and

Research Methodology

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INTRODUCTION & RESEARCH METHODOLOGY

1.1. INTRODUCTION:

With the continuous growth of competition in the market place, understanding customers has become more and more important method of marketing. Research has shown that high service quality contributes significantly to profitability. Nowadays, the incredible growth of the Internet is changing the way corporations conduct business with consumers who are increasingly expecting higher services, becoming time saved and wanting more convenience.

As a critical measure of organizational performance, service quality remains at the forefront of both the marketing literature generally and the services marketing literature specifically. Practitioners and academics alike are keen on accurately measuring service quality in order to better understand its essential antecedents and consequences and ultimately establish methods for improving quality to achieve competitive advantage and build customer satisfaction.

Since customer expectation and perception of internet service will change over time, quality will become an increasingly important issue. Therefore, understanding service quality within the delivery channel of Internet becomes more and more important. The banking industry is no exception. The introduction and customer acceptance of Internet-based home banking may bring a dramatic change in the way retail banks build and maintain close relationship with their customers.

1.2. STATEMENT OF THE PROBLEM:

In a competitive market place understanding customer's needs become an important factor. As a result, companies have moved from a product-centric to a customer centric position. Nowadays, many companies realize it's more difficult to make their physical products differ from their competitors than before. Therefore, most of them turn to seek differentiation in services. In this way, companies seek more competitive advantages in building good reputation for superior performance like on-time delivery, accurate information, better trained personnel and quicker resolution of complains. It can be easily seen that services has gained more attention

by both researchers and managers with the increasing competition in market. Therefore, delivery superior service has become one of the most important ways to gain superior profitability.

Recently, many banks have used the Internet as a new market channel to offer their customers a variety of services 24 hours a day. This Internet banking, compared to traditional banking, heavily involves non-human interactions between customers and online bank information systems. Previous study find that bank service quality plays a very important role in customer's perception of overall banking service quality.

Based on the discussion above, the aim of the present work seeks to gain insight in the service quality in banking sector and impact of Internet on it from both customer and provider side.

1.3. OBJECTIVES OF THE STUDY:

The objectives for the study were formulated as follows:

- To know customer's expectations and preferences towards e-banking services.
- To study the customer satisfaction level about e-banking services provided by the banks.
- To access extent to which e-banking services are utilized to service efficiency of bank.
- To suggest the solutions improving the customer satisfaction.

1.4. HYPOTHESIS:

The hypothesis for the study were formulated as follows;

- 1) H0 - There is no significant correlation between quality of e-banking services of Bank and customer satisfaction
H1 - There is a significant correlation between quality of e-banking services of Bank and customer satisfaction
- 2) H0 - E-Banking services and service efficiency of bank is dependent on each other
H2 - E-Banking services and service efficiency of bank is not dependent on each other

1.5 SIGNIFICANCE OF THE STUDY:

Services are complex in nature. However, due to the services' intangibility, inseparability, heterogeneity and perishability of production and consumption, service quality becomes *hard to evaluate*. Therefore, based on the literature review, the most frequently mentioned dimensions used in evaluating services are chosen in the present study. The result of the present study will show that the Internet is a convenience tool available whenever and wherever customers need it. It is also found that the Internet has improved the factors in service quality like *responsiveness, communication and access*. It is concluded that the Internet has an important and positive effect on customer perceived banking services and the service quality has been improved since the Internet has been used in banking sector. Furthermore, the study offers suggestions to banking managers to allocate their resources on the dimensions i.e., reliability, responsiveness, security, communication and access to improve service quality according to its relative importance since the Internet has been used.

1.6. RESEARCH METHODOLOGY :

Type of Research

The researcher has adopted descriptive and exploratory type of research for the study. It is descriptive because descriptive data has been collected through the questionnaires and it is also exploratory in nature since researcher is exploring the relationship between service quality variable and satisfaction based on the previous theory to develop a better understanding about the research area.

Research Approach

Since the purpose of the research is to gain a better understanding of the relationships between service quality and customer satisfaction, qualitative research is found to be more appropriate for the study. Generalization is not the purpose of the study but rather a qualitative research is conducted to gain a deeper and detail understanding of the issue.

Sampling Method

The researcher has used Simple Random Sampling Method for collection of data from the available population. This method is particularly chosen as the respondent should be learned one and should have the knowledge of computers and e-banking. For this study the respondents who had more than two years of experience in e-banking services were taken so that much reliable information could be collected from them. Apart from this the quality of e-banking services and its relationship with customer satisfaction had to be studied, so by making judgments samples are selected by the researcher.

Area of the Study

The researcher has chosen Sangola City for the research as the researcher is residing in this area. Researcher is much more familiar with the people in this area and knows the needs and wants of various people in the society. Researcher also knows various e-banking services provided by the bank and is also having liasoning with the staff of the bank. All branches of SBI are nearby to the researcher's location and hence it was convenient for him to collect data from the respondents.

Sample Size

The researcher has chosen 250 respondents from the available population. 48 customers and 2 officers that is 50 respondents from each of the five branches of State Bank of India in Sangola Taluka were selected by the researcher for study. The samples selected would have the characteristics of the population and would represent the population.

Table No. A. Sample Data

Sr. No.	Name of the Branch	No. of customers (sample)	No. of Officers (sample)	Total
1	Sangola	48	2	50
2	Kole	48	2	50
3	Kadlas	48	2	50
4	Hatid	48	2	50
5	Mahud	48	2	50
Total		240	10	250

Sources of Data

The researcher has used both Primary data and Secondary data for the study. Primary data is collected by way of Questionnaire, Interview, Observations, etc. Secondary Data is collected from Books, Journals, M. Phil Dissertations, Ph. D. Thesis, Web Sites, Newspapers, etc. Various information collected from both the primary data and secondary data are used by the researcher for the study as per the requirement wherever necessary.

Data Collection Method

The researcher has collected data by way of Survey. The survey strategy is a popular and common strategy in business research that is usually associated with the deductive approach. Survey allows the collection of large amount of data from a sizeable population in a highly economical way. A structured questionnaire was prepared and was filled up by the respondents and hence the data were collected by Survey Method.

Tools for Data Collection

The tools used by the researcher for collecting data are by way of Observations, Questionnaire, Interview, Documentation, etc. In this study the researcher has used the structured questionnaire for collection of data from the respondents. As the questionnaire is deductive in nature, one can come to certain conclusion after analysis and interpretation of data. Questionnaire consists of 24 simple questions in a sequential manner, where the respondents have to mark their favourable or unfavourable opinion about a particular question which indicates their attitude.

BARN. BALASOBER KUM. B.L.A. LIBRARY
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1.7. SCOPE OF THE STUDY:

The study would try to throw some insights into the existing services provided by the banks, perceptions and the actual service quality of the bank. The results of the study would be able to recognize the lacunae in the system and thus provide key areas where improvement is required for better performance and success ratio. In the days of intense competition, superior service is the only differentiator left before the banks to attract, retain and partner with the customers. Superior service quality enables a firm to

differentiate itself from its competitors, gain a sustainable competitive advantage and enhance efficiency. The scope of this research is to identify the service quality of SBI bank. This research is based on primary data and secondary data. This study only focuses on the dimensions of service quality and customer satisfaction. It aims to understand the skill of the company in the area of service quality that are performing well and shows those areas which require improvement. The study was done taking five branches of SBI bank into consideration. The survey was restricted to the bank customers in Sangola taluka only.

1.8. LIMITATIONS OF THE STUDY:

- 1) The study is only for the SBI Bank confined to a particular location and a small sample of respondents. Hence the findings cannot be treated as representative of the entire banking industry.
- 2) Respondents may give biased answers for the required data. Some of the respondents did not like to respond.
- 3) The study is limited to relationship between quality of service and customer satisfaction towards e-banking services.
- 4) Respondents tried to escape some statements by simply answering "neither agree nor disagree" to most of the statements. This was one of the most important limitation faced, as it was difficult to analyse and come at a right conclusion.
- 5) The researcher has taken 250 respondents for study of e-banking services because of time limit.

1.9. CHAPTER SCHEME:

In the present study the researcher has designed chapter wise outline as below.

Chapter No. Name of the Chapter

1. Introduction & Research Methodology
2. Review of Literature
3. Conceptual Theory of Banking services & Profile of Banks
4. Data Analysis & Interpretation
5. Findings, Suggestions and Conclusion

In the first chapter introduction regarding the study is given. Statement of the research problem is also given. Then the Objectives, Hypotheses and Significance of the study is explained. Later on research methodology of the researcher is explained in detail.

Second chapter consists of extensive review of literature, where researcher has referred various books, journal, M. Phil Dissertations, Ph.d. Thesis, Web sites, etc.

Third chapter consists of Conceptual theory of Banking services and Profile of Banks. Initially regarding the concepts of banking and banking services are studied in details. Then profile of banks and current scenario of banking industry in India is also studied and discussed in details. Then information regarding State Bank of India, their services and e-banking services and the quality of e-banking services and their relationship with customer satisfaction is explained.

Fourth chapter consists of data analysis and interpretation, where data is analysed by the researcher and only tables are drawn and then hypotheses is also tested.

Fifth chapter consists of findings, suggestions and conclusions. All findings are drawn from the data analysis and interpretation. Then suggestions are given as per the findings. Lastly conclusions are drawn after giving effective suggestions.

1.10. CONCLUSION:

The researcher has used Research Design which is discussed earlier and the data collected is analyzed in a systematic procedure and by using statistical tools. After analysis of the data inferences are given and then the conclusions are drawn to enable to take further decisions. The theories that have been selected for the study was clearly described and research question has been formulated based on the previous theory. Data has been collected based on the frame of reference that was drawn from the discussed theories. The objective is to make sure that if another investigator will follow the same procedures and used the same case study objects, the same conclusions would be made.