Market Orientation and Service Quality of Commercial Banks in Punjab

A Thesis Submitted to Lovely Professional University

For the award of

DOCTOR OF PHILOSOPHY

in

MANAGEMENT

By

SIDDHARTH SHARMA

Guide

DR. RAJESH VERMA

Faculty of Business and Arts

LOVELY PROFESSIONAL UNIVERSITY

PUNJAB

June, 2018

CERTIFICATE

I certify that **Siddharth Sharma** has prepared his thesis entitled ***'Market Orientation and Service Quality of Commercial Banks in Punjab'*** for the award of Ph.D degree of the Lovely Professional University, under my guidance. He has carried out the work at the Mittal School of Business, Lovely Professional University.

_____

Dr. Rajesh Verma
Professor &Additional Dean
Mittal School of Business
Lovely Professional University
Phagwara, Punjab

Date:

ACKNOWLEDGEMENT

It is a pleasure to express my deep sense of thanks and gratitude to my research supervisor Dr. Rajesh Verma, Professor & Additional Dean, Lovely Professional University, Phagwara (Punjab), whose expertise, understanding, guidance and support made it possible for me to work on research topic that was of great interest to me.

I am hugely indebted to Mr. Rahul Sharma, Associate Professor, Lovely Professional University, Phagwara (Punjab) for finding out time to guide me through his valuable advice and judicious criticism. He was kind enough for providing me with material and links that I could not possibly have discovered on my own. I do not think I can ever repay the debt I owe to him. I would like to thank Dr. Neerak Kaushik, Associate Professor, NIT, Bhiwani (Haryana) for being an excellent guide through his research methodology workshops which I have attended. His valuable advice provided me direction and skill relevant to apply different statistical tools for the present research. I gratefully acknowledge Mr. S.S. Bal who supported me throughout the journey of this research work and helped me achieve my goal. I would like to give my sincere and deepest thanks to Mr. Sudhir Sikand, Branch Manager Punjab National Bank, Kapurthala for helping me in data collection from managers of other public-sector and private-sector banks.I am also thankful to Mrs. Charanjeet Kaur for being a constant source of motivation and for helping me shape up my thesis.

This journey would not have been possible without the support of my father Mr. Vinod Sharma who always inspired me to complete my work with passion and my mother Mrs. Neelam Sharma who stood by me in all my difficulties. I would like to thank them for encouraging me in all of my pursuits and inspiring me to follow my dreams. If there is a single individual who has contributed most in the preparation of this volume, it is my wife Mrs. Ramanpreet Sharma. She helped me in every possible way and motivated me for the completion of this research. Finally I thank to the Waheguruji, Almighty, for his showers of blessings throughout my research work.

Date: **Siddharth Sharma**

TABLE OF CONTENTS

EXECUTIVE SUMMARY

On the basis of a review of literature, it has become evident that number of definitions of market orientation construct co-exists. After extensive research, Kohli & Jaworski (1990) defined that market orientation is an organizational culture which helps in delivering superior customer value and developed an instrument named MARKOR to study market orientation. According to their research, market orientation includes generation of intelligence related to customers & competitors, dissemination of intelligence and planning response according to the prevailing conditions of market.

The related literature revealed that the concept of market orientation has re-conceptualized the marketing practices as it helps in anticipating the needs of market (existing and latent customers). It has been investigated by number of researchers that market-oriented organization gave highest priority to the creation of superior customer value. This signified that apart from market orientation, organizations are also focusing on service quality that requires improvement continuously to maintain the relationship with existing customers or to capture new opportunities. In fact, both market orientation and service quality are related to each other for efficient working of organization.

The term market orientation has gained popularity over the past few decades. In recent years, the strong relationship between market orientation and service quality has also been noticed. However, in spite of the increased scholarly interest in the market orientation-service quality association, relatively little empirical attention has been given to the subject in the banking sector. Consequently, this research attempts to fill a void in knowledge by examining the relationship of Market Orientation and Service Quality in commercial banks. It investigates the extent of Market Orientation and Service Quality in commercial banks of Punjab in order to make a contribution and help the practitioners in implementing more effective marketing practices in the banking industry.

Along with MARKOR scale developed by Kohli & Jaworski (1990) used to measure the market orientation, SERVQUAL model given by Parasuraman, Zeithaml & Berry (1988) was used to measure service quality in banks. According to

SERVQUAL model, service quality is defined as the gap between managers' service perception and customer's expectation of services received by their respective service provider. In other words, the assessment of service quality is based on whether or not the service delivered by a service provider matches or go beyond the expectations of customers. This model consists of five constructs of service quality such as tangibility, reliability, responsiveness, assurance and empathy.

For present research, 12 commercial banks of Punjab were selected on the basis of their financial strength & soundness, growth, profitability, efficiency and credit quality to measure the level of market orientation and service quality in banks of Punjab. Out of these 12 selected banks, six were public-sector and six were private-sector banks. Banks were also categorized on the basis of their locations such as rural and urban branches.

To test the hypothesis, data has been collected from 200 middle managers and 325 customers of selected commercial banks in Punjab. The proposed relationship between Market Orientation and Service Quality was examined using Confirmatory Factor Analysis, Structural Equation Modeling and Hierarchal Regression Analysis. Results of hypothesis testing showed that Market Orientation was positively associated with Service Quality and have considerable impact on it.

The study has also explored the overall effect of market orientation on service quality to understand the relationship between the two constructs (market orientation and service quality). Structural Equation Modeling analysis was applied to examine the model that contained measurement model, structural model, and proposed hypothesized relationships between the variables (market orientation and service quality). The analysis explained that among three components (intelligence generation, intelligence dissemination and responsiveness) of market orientation, responsiveness renders the dominant impact on service quality of commercial banks in Punjab.

The study measured the service quality gap in public-private sector banks and rural-urban branches of surveyed banks. The analysis revealed that service quality gap in private-sector banks is quite low as compared to public-sector banks whereas rural and urban branches provided almost same service quality to their customers. In

addition, the level of service quality was assessed according to the demographics of the customers. The demographics of the respondents were used to gauge the different expectations of customers regarding service quality.

Along with quantitative analysis, qualitative approach was used to understand the strategies followed by banks to meet the expectations of the customers in Punjab. For conducting qualitative research, data was collected from 24 (two from each banks) middle managers and 60 (five from each bank) customers of selected banks. Qualitative analysis of managers' questionnaire helped in understanding the marketing practices followed by different banks to deliver quality services to their customers and the qualitative questions asked to customers helped in analyzing actual facilities delivered by the commercial banks.

A discussion of managerial implications is included along with implications of the findings and assessment of research limitations. Appropriate suggestions have been made based upon the finding of the study. The study also provides the foundation and new insights for future research opportunities.

LIST OF TABLES

LIST OF FIGURES

Chapter – 1

INTRODUCTION

The role of marketing has always been considered as a central feature of business principles. This concept is being discussed for many years from a number of perspectives (Drucker, 1968; Felton, 1959; Houston, 1986; Levitt, 1969; McNamara, 1972) and analysis of different aspects of marketing has laid the foundation of different definitions. These definitions propounded that marketing is much wider concept and gigantic changes in the business strategy have altered marketing theory and its application to a great extent. Recently, marketing has changed its spotlight from mere product quality to consumer retention and transaction competence (Payne & Rapp, 1999).

Recent researches have indicated that the majority of business has become drenched due to size of market which indicates that there would be strong competition among marketers for customers'. Due to this, lots of changes took place in marketing management which has been seen now in a modern marketing perspective. In order to understand the existing and potential needs of consumers, marketers ensure that their employees are putting their efforts to comprehend the marketing concepts. With the passage of time uncountable changes have taken place in market but some of them are mentioned below.

Firstly, marketers' started focusing on what the organization produced. Secondly, marketers started thinking about the delivering of those products and services and thirdly, they shifted their focus to customers and try to delight them to maintain long term relation. Marketing has changed rapidly over this century and it will continue to change. Marketers have become sensitive to changes in society and are continually striving to gauge the pulse of the change and are trying to keep pace with these changes.

Now days, the main purpose of research in marketing strategy is to reveal how an organization grow and maintain a competitive advantage over others. With the changing time, relationship marketing has gained popularity to a great extent and has shifted its emphasis from customer acquisition to customer retention. It deals with the business culture that focuses on the continuous creation of customer value

(Narver, Slater & MacLachlan, 2004) and organization can create this value by implementing market orientation (Day, 1994). Market orientation perspectives include the decision-making perspective (Shapiro, 1988), market intelligence perspective (Kohli & Jaworski, 1990), culturally based behavioral perspective (Narver& Slater, 1990), strategic perspective (Ruekert, 1992) and customer orientation perspective (Deshpande, Farley & Webster, 1993) which provide a competitive edge to an organization.

Ramayah, Samat & Lo (2011) in their study explained that along with market orientation, organizations cannot run away from service quality that needs evaluation from time to time to maintain the existing market or to capture new opportunities. In fact, both market orientation and service quality are important for enhancing the performance of organization. This means service driven market orientation improves service quality offered to customers (Boo, 2006; Miguel, Saizarbitoria &Tari, 2016).

Customer also acts as an active participant in measuring the service performance of any firm. So, the resulting transparency in the service system ensures firm's commitment to create customer value. Similarly, interaction with service personnel help in enhancing market sensing by the firm, an essential competence of a market oriented company (Day, 1994). As a result it can be said that market orientation is more central to the performance of firms.

The concept of market orientation and service quality in one form or other has occupied the major aspect of the theory and practice of marketing strategy (Kotler, 1977). Different researchers have different views about these two concepts. Some researchers have proposed valid construct of market orientation which helps in measuring the extent of market orientation and its effect on business performance. Out of these scales, two important scales are MARKOR and MKTOR given by Kohli & Jaworski (1990) and Narver & Slater (1990) respectively.

Kohli & Jaworski (1990) defined market orientation as "the organization-wide generation of market intelligence, dissemination of the intelligence across departments and organization-wide responsiveness to it."According to them, market orientation refers to the authentic performance of the marketing conception. It

emerges to offer a collective advantage for efforts of different sections within the organization. On the other hand, Narver& Slater (1990) consider market orientation as collective effort of three components which are customer orientation, competitor orientation and inter-functional coordination.

Moreover, it was also noted in past researches that market orientation has a significant relationship with business performance. Therefore, researchers decided to take two samples from the same populations to test the validity of scale under different market conditions. After the research, it has been proven that market orientation provided competitive advantage and further improved the performance of an organization. Kohli & Jaworski (1990) also revealed that being market oriented does not mean that organization will only stick to it and does not follow other strategies. They suggested that market orientation gives better results when it is used with other approaches such as service orientation, entrepreneurial orientation, innovation etc. This entails that organization would get greater benefit if they realize the importance of market orientation along with other approaches.

1.1 BANKING SECTOR IN INDIA

Banking system reflects the capability of trade and commerce of a country. It shows the standard of living, political and cultural aspects' prevailing in country and due to this banking is considered as foundation of development and growth of economic status of a nation. Government of India established Reserve Bank of India in 1935 to strengthen the Indian economy. It streamlined and regulated the functioning of all banks in India but still the growth of banking sector was too slow during this period as banking system was dominated by public sector only. However, with the introduction of liberalization in 1991, private and foreign banks also got chance to set their business all over the country which helped and equipped the banking system to grow and meet the internal as well as external challenges. The private sector commercial banks provided techno-savvy challenges to public sector which include innovative services such as tele-banking, net banking, home banking, ATM facility, automatic terminal to access bank accounts, debit cards, credit cards etc. and further to sustain themselves public sector banks also started developing their competencies to meet the emerging challenges and satisfy their customers.

As a result, Indian banking system has grown tremendously and started providing number of facilities to their customers to retain them. Every bank tried to provide almost similar services to their customers but difference occurred in the quality of services they deliver to make overall customer service experience better. So, banks continually needed unique internal system to serve external customers differently and according to George (1990), the employees act as important factor because discernment of quality is highly influenced by presentation and dealing of employees (Avkiran, 1999).

1.2 MARKET ORIENTATION: MEASUREMENT SCALES

There are numerous studies which have used different scales to measure the market orientation in different industries but two multi-item scales MARKOR and MKTOR are the most commonly used scales across the globe. Out of these scales, MARKOR multi-item scale developed by Kohli & Jaworski (1990) has been widely used to assess the market orientation in banking sector. Jaworski & Kohli (1993) proposed three dimensions of market orientation which are intelligence generation, intelligence dissemination and market responsiveness. Kohli, Jaworski & Kumar (1993) differ from Narver & Slater (1990) with regard to the use of a cultural dimension. Nevertheless, the components of market orientation are apparently similar. The MARKOR scale developed by Kohli et.al (1993) consists of 21-items measured on five point Likert scale. The three components of MARKOR scale are explained as follows:

(a) Intelligence generation

The marketer's key strategic tool is information of customers and their dynamic definition of value. Intelligence generation is not only the expression of customer needs but it includes analysis of all the exogenous factors influencing needs, preferences and technological changes (Diamantopoulos& Hart, 1993). Intelligence generation is first step of market orientation process that guides the organization to

gather valuable information about its customers. Through this information, organization can make changes, customize the offerings and provide prompt services to its customers that further help in retaining & building the confidence of customers.

(b) Intelligence dissemination

Competitive advantage increasingly lies in firm's ability to use market intelligence (Maltz & Kohli, 1996). Intelligence dissemination refers to the process of exchange of market information within organization (Kohli, Jaworski& Kumar 1993). Effective dissemination of market intelligence is important because it provides proper knowledge of market to all the departments in the organization to use it appropriately.

(c) Responsiveness to intelligence

Responsiveness is the action taken in reply to intelligence dissemination. This can take the form of choosing target audience, planning and designing products or services etc. and helps in fulfilling the current and anticipated needs of the customer (Kohli & Jaworski, 1990). If organizations give prompt response to the information generated the market orientation is expected to work better.

However, Kohli & Jaworski (1990) characterized MARKOR scale as assessment of the the entire procedure of converting the inputs into outputs by delivering desired services to the customers which in turn strengthens long term relations of organization with their customer.

1.3 MARKET ORIENTATION: ANTECEDENTS AND CONSEQUENCES

Research framework proposed by Kirca, Jayachandran & Bearden (2005) depicted the relationships among the antecedents and consequences of market orientation as shown in figure 1.1.

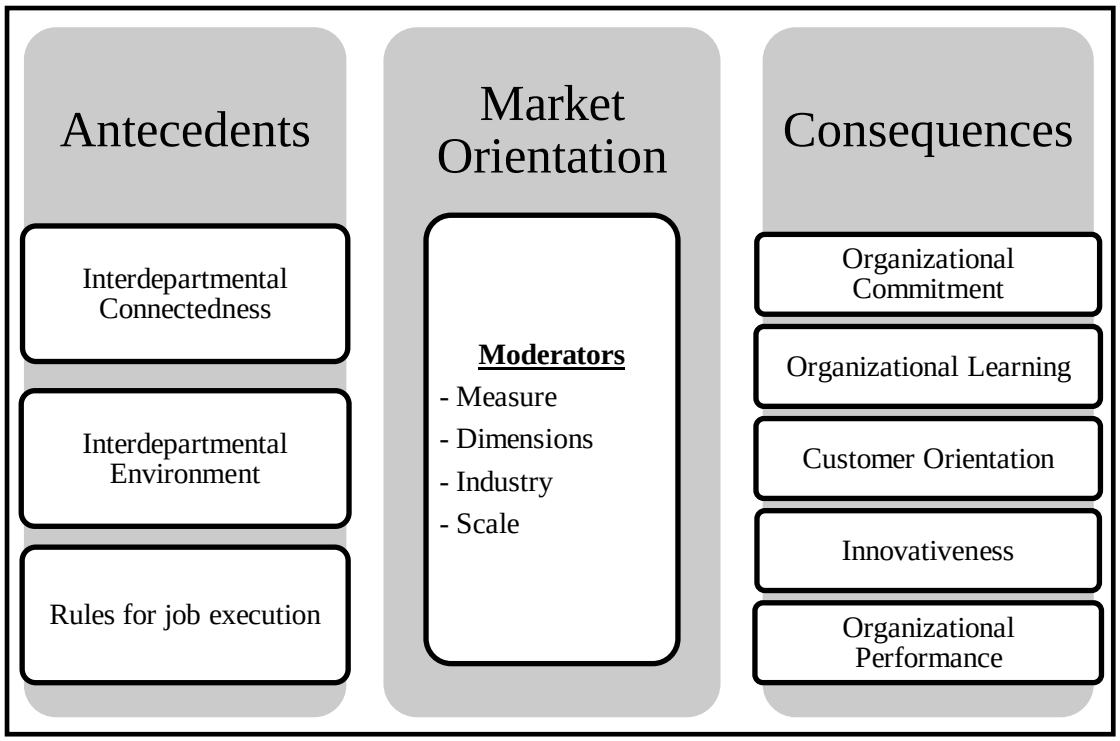

Figure 1.1: Antecedents & Consequences of Market Orientation

1.3.1 Antecedents of Market orientation

Krica et al. (2005) identified various antecedent factors to market orientation which are as follows:

(a) Interdepartmental Connectedness

Interdepartmental Connectedness is the expansion of formal and informal contacts among employees across various departments. It has been assumed that these informal contacts increases sharing the information among employees leading to higher market orientation. Specifically, an organization that adopts a customer orientation, by integrating and disseminating the customer related data, tends to be more close to market (Kennedy, Goolsby & Arnould, 2003). This means successful dissemination of data among different departments help in meeting customers' demands and preferences.

(b) Interdepartmental Environment

Interdepartmental environment means those aspects of an organizations' working environment that help the employees to perform their daily tasks as best as possible.

It constitutes formal and informal atmosphere created among employees across departments. In fact, a positive atmosphere might reduce the tension between departments and increase the focus on process, market and consumers (Slongo & Bossardi, 2004). This means that working environment motivates an employee to work with the sense of belongingness for satisfying the customers' needs which in turn gives increased profits to an organization.

(c) Rules for Job Execution

Rules for job execution are the top management's emphasis on roles essential for workers to perform their regular responsibilities (Costa, 2006). The degree of formalization of regulation, discipline and control at work place generate more focus on the assigned tasks. It entails that formulation of rules and regulations provide more security to employees to work according to norms of an organization but excessive rules can reduce the market orientation ability.

1.3.2 Consequences of Market Orientation

A market orientation is posited to improve business performance, so, those organizations which are market oriented can be assumed to have better understanding of their customer's needs and in turn are better positioned to satisfy them. The main consequences of market orientation are discussed below:

(a) Commitment

Kohli & Jaworski (1990) argued that by promoting and ensuring cordial relationship among work force, an organization can gain increase the commitment of the employees and give them a sense of pride to work for the organization. The employees who are dedicated towards their work put in great effort to achieve the goals of firm. They try to satisfy their customers by offering them required services which indirectly indicates that employee's commitment and team spirit improves the market orientation.

(b) Learning

Learning is acquiring, analyzing, understanding and distributing new knowledge and it is part of firm's culture (Slater & Narver, 1995). The construct of learning has

been studied by many researchers and has been treated as an essential component for creating superior customer value. Farrell (2000) supported the relationship between market orientation and learning, saying that learning is a cultural characteristic of an organization that deals with marketing activities and customers' demands.

(c) Customer Orientation

Customer orientation comprises of excellence in services, organization's assurance, consumer satisfaction and loyalty. Market orientation enhances customer satisfaction and retention as it helps in offering good services to customers to satisfy their needs (Slater & Narver, 1994b). In that sense, the organization is in line with the customer demands, providing superior value to them. The market orientation does not focus solely on customers, but they are the essential aspect of the construct. Research has found a positive relationship between market orientation and customer orientation (Jaworski & Kohli, 1993, 1996; Slater & Narver, 1994a, 1994b; Kirca et al., 2005).It also helps in understanding existing and latent needs of customers which in turn leads to position good image of firm among customers.

(d) Innovation

Innovation consists of organizations' innovativeness and capability to implement new ideas in order to provide services according to preferences of customers (Hult & Ketchen, 2001). Market orientation helps in enhancing an organization's innovativeness, new product performance by using market information effectively (Han, Namwoon & Srivastava, 1998).Moreover, customers' needs keep on changing, so, it is important that organization should always be ready to invest in research and development to generate new ideas for fulfilling the needs of their customers.

(e) Performance

Market orientation helps an organization to respond as per the requirements of its customers. It helps in maintaining cordial relationship between organization and its customers. Many theories postulate that different firms have their own strategy to perform similar services (Barney, 1991) and these differences distinguish the performance of firms. So, performance is important and counts a lot in positioning

the organization in the minds of customers. Organizations also need to manage their relationship with environment in order to improve its performance (Shoham, Rose & Kropp, 2005; Deshpande & Farley, 1998; Kohli & Jaworski, 1990).

1.4 SERVICE QUALITY

Conformist insight suggests that there is huge distinction involved in marketing of goods and services (Parasuraman, Zeithaml & Berry, 1985) and there are many avenues available with the marketers to create a meaningful difference in their offerings as compared to the competitors. Researchers have propounded that organization can gain competitive advantage by taking advantage of distinctiveness of service quality. Organizations can grow by improving the level of services (Berry, Parasuraman & Zeithaml, 1988) and this fact is applicable to manufacturing as well as service industries. Service Quality has been associated with numerous aspects which help in growth and development of organization in one or another way. These aspects include price (Crosby 1979), productivity (Rust & Zahorik 1993), customer satisfaction (Boulding, Kalra, Staelin & Zeithaml, 1993), and customer retention, (Reichheld & Sasser, 1990). Service Quality is extensively considered as moving force for an organization in improving financial performance.

Although services and products are differentiated in various aspects still they share some common features. Product quality can be evaluated by physical parameters but service quality can only be assessed by level of customers' actual experience of service quality which cannot be measured physically. Consequently, studies have endeavored to develop measurement scales for service quality. One such scale proposed by Parasuraman, Zeithaml & Berry (1988) is SERVQUAL scale.

1.5 CONCEPTUALIZATION OF SERVICE QUALITY

Service quality is conceptualized and measured by SERVQUAL, which deals with perceived as well as expected service quality. Service quality is consumer's point of view about brand's in general distinction or superiority (Zeithaml, 1987) which gives its result by comparing expectations and perceptions of performance.

1.5.1 Dimensions of service quality

Exploratory research of Parasuraman et al. (1985) portrayed 10 dimensions of SERVQUAL scale. These dimensions were tangibility, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer and accessibility. These dimensions were potentially overlapping so later these dimensions were reduced to five dimensions namely tangibility, reliability, responsiveness, empathy and assurance. Out of these dimensions, three dimensions namely tangibility, reliability and responsiveness were original and assurance had been derived by combining communication, credibility, security and competence whereas empathy is resultant of courtesy, understanding the customer and accessibility. These measurement aspects provided the essential components of the service quality sphere.

(a) Tangibility

Tangibility is one of the five dimensions of service quality. This term basically deals with tangibles or physical quality which includes appearance of physical facilities, tools, equipments, announcement material and other physical assets which provide number of facilities to consumers. So, tangibles serve as representation and indicators of the quality of an organization (Zeithaml, Bitner & Gremler 2006).

(b) Reliability

Reliability is described as "the capacity to provide the pledged services and facilities over a period of time" (Zeithaml et al., 2006). This dimension of SERVQUAL scale is very important as customers deal and interact with organization and customers desire to communicate with organization that provides facilities as promised.

(c) Responsiveness

Responsiveness "is the desire to assist customers and offer quick service". This aspect of SERVQUAL scale deals with handling customer's needs, requirements, complaints, grievance, questions etc. quickly and carefully. A firm or organization is identified as a responsive firms based upon how it interact with its customers and how much time it takes to respond back and how their troubles, complaints,

suggestions are dealt with. So, companies need to apply their resources at responsiveness and make sure that customers are getting required services in time.

(d) Empathy

Empathy is defined as the kind, helpful, considerate, independent and individualized consideration to the customers by the firm. Empathy is an outlook through which organization treat it's every customer as if he is unique. Empathy can be displayed in several ways but for that knowing the needs and desires of the customer is essential. This dimension is helpful for customizing the services as per the requirements of the customers which gives competitive advantage and provides ability to position an organization uniquely as against the other firms in same business.

(e) Assurance

Assurance is defined as "guarantee, competence, courtesy, credibility, and security to customers by employees through use of their knowledge. Along with other dimensions, assurance is equally important. It ensures that the organization is concerned with customers' needs. It helps in maintaining the trust and confidence among customers by providing them best possible services as and when required.

1.6 MARKET ORIENTATION AND IMPORTANCE OF THE CUSTOMER'S VIEWPOINT

With the changing scenario of market, old concepts are transformed into new ones as every firm is trying to be fast to outstrip the others. Profits, progress and prosperity will be gained by the companies which will identify the need of customers and react proactively. Drucker (1954) & Levitt (1960) have specified that implementation of market orientation provides better business performance and profitability to an organization. Market orientation is very important for administering the business as it gives the way to improve the performance and guides to frame new strategies according to prevailing market conditions. The main target of every service provider is to satisfy and retain the customers. In order to be successful, the firms claimed to be residing close to the customers as it is input to sustain in market for long period of time.

A market oriented organization synchronizes its actions for fulfilling the required needs of the customers (Tournois, 2013). It is being propounded that every firm needs to be skilled and well equipped to make broader customer base which cannot be done without focusing on market orientation. Even customers know their service provider well and what is being provided by them. Most of the literatures reviewed indicate that market orientation is about continuous effort of gathering, distributing and using of collected information about the customers. Later, it was also discovered that market orientation helps in planning, profitability, customer satisfaction and customer retention also (Boo, 2006). Fundamentally, the concept of market orientation revealed the internal work culture, values and beliefs of an organization but later, it became a source of competitive advantage which creates customer value that cannot be replaced by any philosophical concept (Ramayah et al., 2011). Market orientation also gives sense to think strategically to compete with competitors and allows the organization to predict and to respond according to prevailing market conditions.

Lavidge (1970) documented that firms are intended to offer services to its customers and in reality, managers always prefer the customer model over the market model. They ought to understand the problems and complaints of customers to attain excellence. Different researchers visualized that marketing is not specialized activity but rather it's the entire business seen from the customer's opinion. It has been further stressed that quality actually means satisfying the consumers and setting the performance standards. These observations are in contour with market orientation and certainly implied at the need of customer oriented and customer apparent market orientation, especially in service firms. In contrast, Ramayah et al. (2011) argued that quality is limited to offer the services according to customer requirements and there is no link between service quality and customer satisfaction after delivering the services. But later, it was discovered that customer outlook can be best defined as the extent of service quality provided by an organization (Hsu, 2009).

Customers view point is important in managing the quality and it is believed that market orientation cannot be fully applied without customers help. Therefore, assessing market orientation from customers' perspective is very critical for an organization. Moreover, service oriented firms can be set up with the help of

customers because without customers view point, a firm can never be able to understand the needs, desires and requirements of its customer. So, it is necessary for organization to look over these perspectives to gain profits in long term.

1.7 IMPORTANCE OF SERVICE ORIENTATION

There are number of concepts in marketing which deals with its different aspects. One such aspect is service orientation that has its own advantages and beliefs which helps an organization in improving its way of providing services to its customers. It is also helpful in pleasing customers to create competitive edge for organization.

Service orientation has set its own standard which provides benchmark for working on marketing philosophies and concepts (Berry & Parasuraman 1993). Service orientation however is not stagnant rather it is most dominant factor that has its relationship with business performance, profitability, superior service quality, customer satisfaction and customer retention (Boo, 2006). Service is not important for running business only rather it is useful for setting the targets for market share, growth and development of an organization.

Parasuraman et al. (1985) has worked on service quality to provide new direction by developing SERVQUAL scale. It helps in measuring the extent of service quality provided by different firms. This is a way by which service firms could easily measure their performance and even try to enhance and improvise its services. This scale explains that service quality is sum up of organization's perception and customer's expectations and can never be measured with one perspective. It even tells the gap in service quality at every successive stage by comparing the perception and expectation of service quality. This concept has propagated the service quality construct and provides new measures to maintain the performance of the firm which is very important for profitability of an organization

1.8 MARKET ORIENTATION AND SERVICE QUALITY

In early nineties, researchers have suggested that mangers have understood the marketing concept too late and survival of service organization was in danger due to changes in environment which brought numbers of hurdles in retaining the relationships with customers (Fisk 1994). Though market orientation and service

quality has a positive correlation with the good performance of business organizations, but there was always a question in mind of managers that whether the service grievance will be dealt with the implementation of market orientation or not (Brown, Churchill & Peter, 1993). But after the introduction of market orientation, managers are able to provide good services to the customers according to their needs. Managers always seek that their loyal customers should influence others through their thoughts because word of mouth has strong impact on low involvement customers (Muller, 2005). Every organization needs to position itself among their loyal customers in such a way that after getting satisfaction through their services, customers should enhance profits of an organization.

It has been propounded later by the number of researchers that internal market orientation is also important for improving service quality. Study of conceptual framework and empirical research has found that better performance of service quality is also based on employee's behavior. If employees will pay more attention towards understanding the needs and preferences of the customers then organization can maintain good relationship with its customers. Along with internal activities, there is also a need to focus on good external market oriented activities which may further help organization to build up good customer base (Ellis, 2006).

In today's era, marketing concepts and new market orientation theories have given different ways to attract the customers. These activities provide quality service with the development of strong market orientation construct. Organization enjoys more profits if managers understand the necessity factor associated with the demand of customers and provide services according to those necessities. If the managers fail to provide services according to necessities of the customers, then each and every effort would go in vein.

According to Voon (2006), the organizations which provide services without doing research through market orientation, would have less impact on customer satisfaction and customer loyalty as compared to organizations which provide service-driven market orientation. Another researcher also deduced that there is always a strong relationship between market orientation and service quality (Avkiran, 1994; Crosby & Stephens, 1987; Cronin & Taylor, 1992; Yavas, Bilgin &

Shemwell, 1997). The company which provides services after doing proper market survey, its performance would be far better than others.

Whenever service quality originated through proper execution of market orientation then the delivery of service quality will always be more than satisfactory. This in turn proved to be beneficial for the profitability of an organization. Chang & Chen (1998) has also assessed that business performance is not a stagnant process rather it is dynamic in nature. It goes on improving day by day with implementation of market orientation and service quality (Cronin & Taylor, 1992). These two aspects of market can help an organization to a great extent. Through numerous marketing and service quality studies, it has been proved that there is a strong and positive relationship among service quality, market orientation and business performance (Yavas & Yasin, 2001). In short, service provider needs to understand and follow the concept of market orientation to provide quality service to his customers.

Researchers described that whenever there is lack in understanding the needs and desires of customers, only then managers fail to provide proper services to the customer (Bowen, Schneider & Kim, 2000). This gap between perception and expectation can only be filled through an effective market orientated strategies (Caruana, Pitt & Berthon, 1999). It can be concluded that managers who are not interpreting market orientation factors properly, they would not be able to provide quality services which could be ice breaking point for their loyal customers. Ineffective service quality may be result in worst word of mouth, which would affect the firm's reputation badly (Lewis, 1989). Market orientation helps to gather proper information about market (customers & competitors) and this information is effectively disseminated to the concerned departments for understanding the situation of market. After receiving the information, organization would be able to plan its response accordingly (Kohli & Jaworski, 1990). Hence, market orientation plays important role to provide quality services to its customers (Cronin & Taylor, 1992) which in turn improves the performance of organization as compared to its other counterparts(Yavas &Yasin, 2001).

Chapter – 2

REVIEW OF LITERATURE

Market orientation and service quality has been outlined by various researchers. They have discussed relationship between the two (market orientation and service quality) with respect to performance in different industries. This relationship has shown significant impact of market orientation on service quality in service sector (Natalisa et al., 2008) which supports the theme of present research. In order to get a complete understanding of implication of marketing concepts, secondary data is important. This chapter includes the collection of secondary data that directly or indirectly deals with the subject matter of the present study. This data was collected from various publications, articles, books, journals, magazines etc. to support present research.

Review of literature laid the foundation of research and helped in identifying the gaps in previous studies to uphold the need and scope of current research. Few studies which provided foundation and gave direction to the present study have been cited herewith.

2.1 MARKET ORIENTATION BASIS

The origin of market orientation can be seen long back when authors like Drucker (1954), Felton (1959), Gummesson (1987), Gronroos (1989), Piercy & Morgan (1990) noticed the focus of few companies on customers exclusively due to intensive competition in market. These organizations strived to generate valuable information about the customers through number of ways. This is how the new concept of market orientation has been originated which provided some better ways to gather market intelligence to companies along with some other advantages. In order to understand the structure of this new concept, many researchers (Hurley &Hult, 1998; Derozier, 2003; Sorensen 2005; Ward, Girardi & Lewandowska, 2006; Hamed, 2012) worked on it. Researchers like Hunt & Lambe (2000) considered market orientation as marketing's contribution to business strategy; Gatignon & Xuereb (1997) pointed it as an important strategic orientation whereas Stoelhorst & Raaij (2004) positioned it as a marketing creativity which enhances the business

performance. It is evident from review of market orientation literature that different definitions of market orientation co-exist which established the theoretical foundation of market orientation (Sorensen, 2005).

With the passage of time, the concept of market orientation has gained popularity and it was deeply investigated by various researchers (Lusch & Laczniak, 1987; Slater & Narver, 1994a; Hunt & Morgan, 1995; Deshpande & Farely, 1998). It helped organizations to enhance its performance, provide customer satisfaction and long term profits (McNamara, 1972). Subsequently, number of scales of market orientation had been introduced to understand the concept thoroughly. Kohli & Jaworski (1990) focused on notable differences between marketing perception as a business attitude, and market orientation as an actual execution of marketing conceptions. They conceptualized market orientation as an organizational behavior within their inquiry program which investigated three important activities such as intelligence generation, intelligence dissemination and responsiveness to market intelligence.

In contrast, Narver & Slater (1990) gave a separate inquiry program focused on investigating organizational culture to deliver superior value to targeted market segments. According to them, the two main elements of organizational culture are customer orientation and competitor orientation which studies about the needs of customers and actions of competitors. But slowly and gradually it has been evidenced that customer orientation and competitor orientation do not justify market orientation completely and then Slater & Narver (1995) deduced another scale which constitutes of three components. Along with customer orientation and competitor orientation, they added inter-functional coordination as a third dimension. According to this scale, customer orientation specifically understands the target market which creates superior value for customers on a continual basis; competitor orientation is needed to understand both current and potential competitors and inter-functional coordination refers to coordinated utilization of company's resources in the process of value creation.

It is clear that objective of any business is creation of wealth or profitability through delivering superior value to their customers (Narver & Slater, 1990; Homburg &

Pflesser, 2000). This can be done by implementation and assessment of market orientation in organization (Day, 1994); therefore, these scales have been widely used in different industries (Lings & Greenley, 2005) to understand the customers' needs and preferences. It also supports that organization's decisions must be based on long-term view rather than short term perspective because long term view enhances the effectiveness and uniqueness in decisions while short-term view guides business behavior into seeking immediate gains only (Langerak, Hult & Robben, 2004).

However, later it was found that other factors like market selection (Chang & Chen, 1998), value generation (Kotler, 1998), value conception (Guo, 2002), value assessment are equally important to determine market orientation (Gounaris, Avlonitis & Papastathopoulou, 2000; Raaij, 2001). It was investigated that these factors can be company specific (Pascale, 1990) or market specific (Diamantopoulos & Hart, 1993) as they may vary from business to business because every business has its own requirements and resources to follow the procedure. To summarize, the literature reviewed suggests that concept of market orientation has been developed, conceptualized and expressed as being close to the customers (Webster, 1988) to enhance the performance and growth of different industries in competitive market.

2.2 MARKET ORIENTATION AND RELATIONSHIP MARKETING ORIENTATION

The term "Relationship Marketing" was first propounded by Berry & Parasuraman (1983) as marketing activity aimed at developing and managing the long term relationships with customers. This concept received the attention from various researchers because it provides long term profitability to organization (Berry, 1995) and generic service characteristics to customers (Holmlund & Kock, 1996). Relationship marketing has redefined the focus of organizations from attracting new customers to retaining existing customers for gaining long term profits (Berry, 1995).

Traditionally, marketing components generally emphasized on selling the products to fulfill the objective of profit maximization of organizations but introduction of concepts like market orientation and relationship marketing have changed the

business scenario by considering customer as king (Moller, 2006).Organizations had been uplifted from target orientation to customer orientation which provided competitive edge to business over the others in market. Relationship marketing has given unique strategies to service firms (Palmer, 1994) by giving them opportunity to understand the customer's psychology more closely (Sinkula, 1994).

Earlier, market orientation and relationship marketing were considered two separate terminologies which do not have any link (Evans & Laskin, 1994). But after 90s, researchers investigated that market orientation should better be converted into relationship marketing orientation (Olotu & Liem, 2010) to understand the minds of existing as well as potential customers. Researchers and practitioners believed that concept of market orientation is a tool which provides benefits to the organization only whereas relationship marketing orientation gives equal importance to customers also (Javalgi, Martin & Young, 2006). Relationship marketing orientation has proved to be functional link between customers and service providers by taking generic service characteristics of intangibles and information asymmetries into consideration (Holmlund & Kock, 1996). This approach has given new direction to the organization from seeking potential customers to retaining current customers (Gummesson, 1998).

After the introduction of concept of relationship marketing orientation, there was need to identify the factors which has significant impact on it (Davis, Morris & Allen, 1991). One of the leading factors which has great impact on relationship marketing orientation is market intelligence because it provides an additional advantage to organization by providing required information about the customers which ensures the good relation between customer and organization (Javalgi, Martin & Young, 2006). This means firms that adopt relationship marketing orientation must focus on gathering market intelligence to deal with their customers efficiently and effectively (Styles & Ambler, 2003).

Over a period of time, it has been proven that relationship marketing orientation has significant impact on customer satisfaction also as it arouses the sense of trust, bonding, shared value and reciprocity among customers. A comprehensive study (Liyun et al., 2008) conducted in 2008 stated that relationship marketing orientation

focuses on customers to enhance customer satisfaction, customer loyalty to create superior business performance. In short, it facilitates the business to understand the needs of customers, strengths and weaknesses of competitors and opportunities available in market (Slater & Narver, 1995).

Along with other factors, technologically advancement also helps to implement the concept of relationship marketing orientation because every firm has limited resources to collect information from market but those firms which are technological advanced they are more likely to gather useful information for organization in shortest possible time (Wu, 2002). This creates considerable business value and equips the company to serve their customers.

2.3 MARKET ORIENTATION AND OTHER STRATEGIC ORIENTATIONS

Various researchers argued that an appropriate balance between market orientation and other strategic orientations can help an organization to update and improve the strategies according to market conditions (Atuahene & Ko, 2001; Slater & Narver, 1995). For instance, Han et al. (1998) investigated how innovation strengthen the relationship of market orientation and business performance; Baker & Sinkula (1999) discovered the synergetic effect of market orientation and learning orientation whereas Atuahene & Ko (2001) revealed the significant relationship between market orientation and entrepreneurial orientation.

Similarly, Hedberg (1981) & Hassim et al. (2011) noticed the association of market orientation and organization learning which improves the learning skills of an organization. Researchers argued that relationship of market orientation with these alternative strategic orientations provide capability and flexibility to organizations to deal with market uncertainties (Covin & Slevin, 1986). Hence, it becomes important to study the relationships between market orientation and these strategic orientations to explore and identify the alternative orientations that are more likely to be combined with market orientation for better performance of an organization.

For the past few decades, there has been a continuous debate whether market oriented firms are innovative or not (Im & Workman, 2004; Lukas & Ferrell, 2000).

Some researches argued that being too close to customers is not beneficial for firms (Christensen, 1997; MacDonald, 1995) because market-oriented firms try to imitate their competitors to satisfy their customers and thus they are not at all innovative (Connor, 1999; Lukas & Ferrell, 2000). In contrast, Houston (1986) discovered through its research that market oriented firms are more innovative than others because they show their uniqueness by responding effectively in different market conditions. Further, Hult, Hurley & Knight (2004) & Kirca et al. (2005) have found a positive relationship between market orientation and innovativeness by arguing that market orientation enables an organization to develop new solutions to meet expressed and anticipated needs of the customers which is likely to enhance innovativeness.

Another engine behind market orientation is learning orientation which enhances the chance to gather and disseminate market intelligence more efficiently (Baker & Sinkula, 1999; Slater & Narver, 1995). Hult et.al (2004) argued that market information enables the firms to get better in learning abilities and skills. In contrast, firms that have lower learning capabilities have inflexible organizational culture and their market-oriented efforts are likely to be less innovative due to which they are not able to understand the latent needs of customers' appropriately (Slater & Narver, 1995).

Entrepreneurial orientation is an additional vehicle which helps market orientation to achieve entrepreneurial activities. Specifically, both market orientation and entrepreneurial orientation collectively help in satisfying the needs of existing and potential customers (Bhuian, Menguc & Bell, 2005; Alsughayir, 2016; Amin, Thurasamy, Aldakhil & Kaswuri, 2016). Becherer & Maurer (1997) investigated that market orientation and entrepreneurial orientation is important for new ventures also because these orientations enable the firm to learn and adapt the trend of competitive intensity of market. Indeed, researchers like Atuahene & Ko, (2001), Bhuian et al. (2005), Luo, Zhou & Liu (2005), and Matsuno, Mentzer & Ozsomer(2002) have found organizations that have high market orientation score are tended to be more entrepreneurial oriented, and organizations that implemented both achieve superior business performance.

Furthermore, Wong & Saunders (1993) have investigated that these alternative strategic orientations conjointly work for market orientation to make it more effective. Therefore, the balance between market orientation and other approaches such as innovativeness, strategic orientation, learning orientation and entrepreneurial orientation create superior value for firms. Atuahene & Ko (2001) have specifically mentioned that those firms which follow market orientation along with other strategic orientations perform better than others. In fact, literature suggested that these orientations lead to competitive strategies which seek opportunities for an organization to stay for long in market. Basically these orientations include innovativeness, pro-activeness and an ability to take risks which exert influence on better performance of an organization (Miller& Friesen, 1982; Lin, Ching & Brown, 2010).

2.4 MARKET ORIENTATION IN DIFFERENT ECONOMIES

Researchers propounded that firms which implement the concept of market orientation are expected to gain more profit and market share in spite of market turbulence (Webster, 1988). They also considered market orientation as pioneer of the organization culture which provides innovativeness to sustain in the highly competitive market (Shaw, 2001). Moreover, in 1990, two articles were published in Journal of Marketing which supported the relationship of market orientation and business performance in different economies. First article revealed that three dimensions of market orientation i.e. intelligence generation, intelligence dissemination and responsiveness are highly considerable for maintaining the control over marketing activities of the firm (Kohli & Jaworski, 1990). In second article, market orientation was termed as a combination of three underlying components namely customer orientation, competitor orientation and inter-functional coordination of market activities (Narver & Slater, 1990).

Due to these reasons, Gray et al. (1998) have investigated, developed and refined the early market orientation scales to make them useful for measuring the relationship between market orientation and business performance in different economies. After 1980, researchers like Houston (1986), Payne, Christopher & Clark (1988), Homburg & Pflesser (2000), Ellis (2004) were keen to investigate the relationship of

market orientation and business performance in emerging economies like United States, United Kingdom, and Hong Kong etc. to understand the realities thoroughly.

From the numerous studies, it had been evident that the relationship between market orientation and business performance was strong only in United States (Pelham& Wilson, 1996). Studies conducted in other countries such as Korea (Kwon & Hu, 2000), United Kingdom (Hooley et al., 2003), Australia (Mavondo, 1999) resulted in weak and nearly no significant relationship between these two factors. After these studies, it became misconception in the minds of organizations that market orientation might be an American concept which cannot be easily adopted by every business in all the economies with different cultures. But yet there was a need to further explore the concept which may show the significance between market orientation and business performance (Caruana et al., 1999). Later few studies in Germany (Homburg & Pflesser, 2000), Australia (Farrell, 2000), Malaysia (Mokhtar &Yusoff, 2009) supported the fact that market orientation is important concept not only in developed economies but also in developing nations.

Indeed, it has also been investigated that data collected from customers was not used properly in developing and under developed economies due to which market orientation have shown insignificant relationship with business performance in previous studies (Ellis, 2004). In addition, Hooley et al., (2003) suggested that in under developed economies, resources are limited so it becomes difficult for an organization to be more innovative according to the changing demands of the customers and even customers have fewer choices to choose from the available products and services. Moreover, in under developed economies government intervene the marketing activities of organizations but in centrally planned economies marketing activities are regulated by organization itself (Shama, 1992).

Consequently, in these economies, organizations are unable to use marketing mix appropriately to fulfill its goals and aims (Doyle, Saunders & Wong, 1992). Also, Kohli & Jaworski, (1990) argued that developing economies are restricted and disabled to generate reliable information about the emerging trends in the market because factors like sources of supply, regulations, competitive intensity are ignored in developing and under developing economies. They need to put more efforts to

gain the attention of the customers which can only be done by changing their approach to optimum use of available information to fulfill the needs of the customers and make them satisfied (Woodside, Sullivan &Trappey, 1999).

Later, Golden et al (1995) reported that Russian managers have changed their methods to run the business. They have shifted their focus from the production orientation to customer orientation. Due to such studies, it became evident that market orientation is important for all the economies because market oriented firms are gaining high profitability and share value as compared to those who are less market oriented (Greenley, 1995a). There is need of consistent market intelligence to implement and adopt market orientation as organizational culture to create superior value for customers (Shehu & Mahmood, 2014).

2.5 MAIN CHALLENGES TO MARKET ORIENTATION

Many scholars have given plenty of evidences to support the relationship of market orientation with organizational performance (Ruekert, 1992; Day, 1994; Pelham, 2000) but along with this, they have proven the fact that there are number of different challenges in implementation of market orientation. These challenges are subdivided into two categories such as internal and external challenges. Internal challenges include employee behavior, lack of inter-functional coordination, organizational culture and improper implementation of strategic orientation (Adsit et al., 1996) where as external challenges include competitive intensity and external environment (Langerak, 2003). These challenges are important to study in order to implement market orientation successfully in an organization.

Researchers notified that employee behavior is an important factor for superior business performance so they must be motivated to work for the success of organization (Dobre, 2013). Positive employee behavior is important to minimize conflicts at workplace (Kirca et al., 2005; Piercy, Harris & Nikala, 2002) because employees in market oriented firms share information, participate in decision making, and work together towards a common goal. Therefore, researchers identified that employee behavior is important to satisfy the customers by providing them required services (Meyer, Allen & Smith, 1993).

Another challenge in implementing market orientation is lack of inter-function coordination because poor linkage between different departments can lead to failure. Porter et al., (1974) defined inter functional coordination in terms of strength of an organization and explained it as employee's internal will and attachment to the organization to achieve its goals and objectives (Shore & Matin, 1989). So, without inter functional coordination firms cannot create superior value for customer (Keelson, 2014). Firms can make inter-functional coordination effective by adapting innovative strategies to understand the internal environment of the organization (Park & Smith, 1990).

Egede & Emmanuel (2013) have focused on organizational culture as one of challenges for organization to implement market orientation. They argued that organizational culture directly persuades innovativeness and equips the firm to introduce new products to gain competitive advantage. But sometimes when new firms do not have positive organizational culture it hinders the way to adapt market orientation successfully and organizations become incapable to offer new services to their customers (Lawton & Parasuraman, 1980).

Additionally, organizational culture differs from business to business as every firm has sets values and norms. These values and norms are basic foundation of an organization which develops the culture to work in. It is meaningful to discuss here that inter-functional coordination is also a part of organization culture which helps the firm to work for common goal. For this, firms need to be strategic oriented in order to work for the successful implementation of market orientation concept (Gatignon & Xuereb, 1997).

Researchers have also discussed about external challenges to market orientation. The important external challenges for market orientation are competitive intensity and external environment. Researchers investigated that level of market orientation is a theoretical concept while competitive intensity is functional concept (Langerak, 2003). Competitive intensity gives insight that how well the firm is working in the market (Wood et al., 2000) and firms which do not understand competitive intensity are likely to seek problems in evaluating market intelligence (Slater & Narver, 1994a).

Indeed, many studies have examined environmental factor as a challenge to market orientation (Han et al., 1998).Researchers have suggested that organization should scrutinize its external environment accurately by following the market oriented culture within the firm. Hence, to determine the influence of external factors organization should focus on change in demand, competitive pressure and technological innovation (Golden et al., 1995). These factors can favor the firms to gain high market orientation score which will provide high profits as compared to non market orientated firms (Agarwal et al., 2003). Therefore, organizations must focus to assess external challenges to capture available opportunities in market and to compete with their competitors (Wilson, 1996).

2.6 IMPACT OF MARKET ORIENTATION ON BUSINESS PERFORMANCE

Earlier, the linkage between market orientation and business performance seems to have been taken for granted by various academicians and practitioners (Houston, 1986; McGee & Spiro, 1988; Webster, 1988; Njeri & Kim, 2016). However, in the last two decades some empirical studies exhibited a direct link between market orientation and business performance (Pelham & Wilson, 1996; Atuahene 1996; Greenley, 1995a; Diamantopoulos & Hart, 1993; Jaworski & Kohli, 1993; Bozeman & Coker, 1992; Hussain, Shah & Akhtar, 2016) which has drawn the attention of researchers to investigate the relationship between these two constructs (market orientation and business performance) in different industries (Pulendran, Speed & Widing, 2003; Long, Kara & Spillan, 2016).

After these studies market orientation was considered as a multi dimensional concept rather than uni-dimensional concept because its components have shown direct impact on numerous functions of an organization (Diamantopoulos & Hart, 1993). An emerging perspective of market orientation gives customer oriented approach to an organization (Webb, Webster & Krepapa, 2000) by exploring the gap between response design and response implementation (Steinman, Deshpande & Farley, 2000). The measurement of gap between response design and response implementation is important because this gives the fair idea about the actual performance of the firm (Kohli & Jaworski, 1990). Basically, this gap is kind of

multi source feedback technique which clarifies where the disparity occurs and provides three probable advantages to the firms. Firstly, it provides potential opportunities for organizations to understand their customer preferences. Secondly, it helps in understanding the customers' perception and thirdly, it provides more realistic and practical estimation of a construct (Ginzberg, 1981).

The implementation of market orientation also provides innovativeness which is concerned with an ability of an organization to create new ideas, products and services for its customers (Im & Workman, 2004; Wang, 2015; Kazakov, 2016). Market orientation enhances organization innovativeness because it informs about the existing and latent needs of customers (Han et al., 1998). In addition, market orientation also helps in reducing the conflicts between the employees by providing required information to concerned departments which reduces the discrepancies among them and all these factors have positive impact of organizational performance (Siguaw, Brown & Widing, 1994).

Subsequent studies have extended the area of research by examining alternative characteristics that differentiate the performance of market oriented firms with non market oriented firms (Mokhtar, Yusoff, & Ahmad, 2014). Research in this stream has examined the distinctiveness of market oriented firms in terms of their sales force management (Siguaw et al., 1994; Langerak, 2001), new product development practices and innovation (Han et al., 1998; Lukas & Ferrell, 2000), channel relationships (Siguaw et al., 1998; Langerak, 2001), human resource management and internal customer orientation (Harris & Ogbonna, 2001; Conduit & Mavondo, 2001), learning orientation (Hurley & Hult, 1998; Farrell, 2000; Mahmoud et al. 2016) and organizational culture; thereby providing better business performance (Homburg & Pflesser, 2000).

While determining the association between market orientation and business performance, Kohli & Jaworski (1990) noticed that the link between these two constructs are being influenced by four moderators namely market turbulence, technological turbulence, competitive intensity and performance of economy. They added if firms study these moderators thoroughly then they (firms) can manage to enhance their business performance. Furthermore, researchers investigated that market orientation gives market sensing and capabilities to service provider that

provide the better organizational performance (Hult & Ketchen, 2001; Jaworski & Kohli, 1996). So, there is need to implement market orientation properly to improve the performance of an organization (Dalgic, 2000).

2.7 IMPACT OF MARKET ORIENTATION ON SERVICE QUALITY

Service sector is now become one of the most considerable sectors in the economy because it deals with the customers directly (Ovia, 2008). Moreover, competitive intensity and rapid growth in service sector have made the service providers more cautious to differentiate themselves among the competitors which can be done by offering quality in services (Rudie & Wansley, 1985). Service quality acts as a differentiator and keeps the customer's attention (Berry, Zeithmal & Parasuraman, 1990) but measuring the quality in service is a tedious task due to its abstract nature (Carman, 1990).

The traditional approach for defining service quality explains the different views of measuring service quality. Gronroos (1984) & Parasuraman et al. (1985) emphasized on comparing consumer expectations with their actual experience to measure service quality while (ed.) Juran (1988) identified the assessment of service quality along two dimensions i.e. internal and external. Internal measurement is to measure the internal process (employees' and managers' perception, organization culture, working units etc.) of delivering service quality whereas external measurement components evaluate the quality of service based on customer satisfaction. Among these concepts on service quality, two of the most widely used by researchers (Ramayah et al., 2011; Voon 2006; Hsu, 2009; Gounaris, Stathakopoulos & Athanassopoul, 2003) is the SERVQUAL model by Parasuraman et al. (1988) and the technical/functional quality framework by Gronroos (1983, 1990).

Initially, Parasuraman et al. (1985) proposed a conceptual framework which was later developed into SERVQUAL instrument in 1988. This instrument included 22 multi-items containing five constructs such as tangibility, reliability, responsiveness, empathy and assurance. These factors help the practitioners to measure the service quality which in turn proved to be beneficial for firms (Cronin & Taylor, 1992). Another model by Gronroos (1983) has its own importance and dimensions to measure service quality. He used a two-dimension model of service quality

consisting of technical quality and functional quality. In his model, he explained that technical quality means what is provided and functional quality considers how it is delivered. These two models given by Parasuraman et.al (1988) and Gronroos (1983) helped in assessing the quality in service to satisfy the customers and ultimately improving the profits of firm (Dotchin & Oakland, 1994).

In order to extend the domain of research, researchers tried to find the new concepts which can help in enhancing the level of service quality. Researchers found that improvement in service quality depends upon organization's commitment to gather the appropriate information about the existing as well as potential needs of customers to provide them required services. They investigated that gathering information means staying close to the customers which in turn is believed to be important for a successful organization (Peters & Waterman, 1982).

Major marketing and management literature revealed that market orientation is all about gathering, disseminating and responding to market. These three components of market orientation help in coordinating activities of firms to satisfy customers unmet needs. In addition, the philosophy of market orientation shows an organizational culture that put the customer first in business planning (ed. Deshpande, 1999). Consequently, the focus of researchers seeks the relationship of service quality and market orientation (Oliver, 1993) to maintain the cordial relationship between service provider and customer. The relationship between these two components (service quality and market orientation) is quite significant for organization (Howard & Sheth, 1969) as it gives insight to organization to understand the expressed and hidden needs of customers. But if organization is not aware about the needs and wants of its customers then it would be difficult for it to sustain in highly competitive market.

It has also been investigated that quality of service varies from customer to customer and business to business (O'Brien & Deans, 1996) because every customer and business have its own preferences. Therefore, it becomes more important for service providers to know about the exact needs of all the customers rather than its few customers to provide them required services. Furthermore, studies propounded organization should frame the strategies from customer's viewpoint as customers are

of great importance for every business (Voon, 2006). Implementation of market orientation is imperative because it leads to improved service quality (Chakrabarty, Whitten & Green, 2007) for service organizations. It enables the organization to provide quality services in order to satisfy the identified and latent needs of their customers.

The empirical work of Deshpande et al. (1993) investigated that there is a need of service-oriented market orientation because it is supposed to be an essential perspective in service quality management (Krepapa et al., 2003; Webb et al., 2000). The relationship between market orientation and service quality is very important for an organization (Kerridge, 2001) to develop comprehensive model for an organization. It relates customers with the firm and develops the superior customer value. It focuses on voice of the customer and tries to maintain long term relationship with them to gain maximum profit for firm (Reichheld, 1996).Hence, the relationship between market orientation and service quality is significant (Caruana et al., 1999; Yeni & Harrington, 2010; Egede & Emmanuel, 2013) as market orientation allows the organization to understand the needs of the customers and it allows the company to coordinate its marketing activities to enhance the value of customer.

It has also been reviewed that when organization provides value added benefits to the customers, the customers became loyal to the particular service provider and maintain the long term relationship with the organization (Gounaris et al., 2003). Service quality has been developed as a theory which measures the degree to which an organization respond towards the expectations of the consumers. Additionally, market orientation help in improving the service quality and provide long term profit to organization. It also helps in identifying the potential opportunities in market to expand the business and survive in competitive market (Boo, 2006).

2.8 MARKET ORIENTATION AND NEW PRODUCT DEVELOPMENT

Market orientation is considered as series of activities which creates superior value for customers (Han et al. 1998).Slater & Narver (1994b) conceptualized that market orientation help to develop new products which in turn work for better

organizational performance. It has also been investigated that new product development activities are strongly influenced by the firm's ability to generate information, to disseminate and to make maximum utilization of market intelligence (Griffin & Hauser, 1992; Hutt, Reingen & Ronchetto, 1988). The market oriented culture assist to various risks associated with new product development.

Further, different researchers (Cooper & Kleinschmidt, 1995; Griffin & Hauser, 1996; Wren, Souder & Berkowitz, 2000) have worked to find the measures of new product development. These measures of product development include innovation of new products, market share of new products, launch time of new products, contribution of new products in total sales. Later, Jensen & Harmsen (2001) found that market orientation plays pivotal role in successful new product development because it helps in creating value for customers by anticipating their preferences.

Due to these findings, the relationship between market orientation and new product development has gained popularity and scholars such as Atuahene, Slater & Olson (2005), Tsai, Chou &Kuo (2008) further investigated the association between the two(market orientation and new product development). They found that market orientation is categorized as responsive market orientation and proactive market orientation market and these two have distinct impact on new product development. Atuahene et al. (2005) illustrated that responsive market orientation is directly proportion new product development whereas proactive market orientation is reversely proportional to new product development. It has also been said that proactive market orientation becomes unfavorable for new product development after certain point.

In addition, it has also been revealed that organizations include both market orientations (responsive and proactive market orientation) concurrently for successful new product performance program but the new product performance gives improved results only when one of the market orientations is at a higher level and the other is at a lower level (Atuaheneet al., 2005). However, Tsai et al. (2008) proposed that the relationship between the market orientations and new product performance may be affected by traits of external environmental. Hence, practitioners need to be very careful while choosing the type of orientation for their product performance.

To sum up, the empirical literature on the relationship between market orientation and new product development offered mixed views which has made the association of these two concepts (market orientation and innovation performance) little complicated. However, it has been proven that both market orientations (responsive and proactive market orientation) are significant for innovation performance provided proactive market orientation is being more strongly associated with innovation performance as compared to responsive market orientation.

2.9 MARKET ORIENTATION AND TURBULENCE

Turbulence is broadly considered as an unpredictable environment which changes the entire procedure of transforming the inputs to outputs (Kohli & Jaworski, 1990). In market orientation literature turbulence is subdivided into three categories such as market turbulence, technological turbulence and competitive intensity. These three types of turbulence can be overcome by implementing market orientation as it (market orientation) focuses on collecting market information, dissemination and responsiveness (Sutcliffe & Zaheer, 1998). Information collected from market help to understand the existing conditions of market which is really significant. This information further assists to plan the response towards the existing conditions of the market.

In addition, it is important for organizations to interact with its customers deliberately to know about their diverse needs, demands and opinions. This assists the organizations to modify their products or services according to the preferences of the customers (Kristensen, 1992). Sometimes, modifications and changes in products or services increase turbulence in terms of time, frequency and lack of understanding of uncertain market factors. Another turbulence which might hinder organizational activities is lack of proper knowledge about market resulting in impulsive consequences (Sutcliffe & Zaheer, 1998). This symbolizes a definite environmental turbulence that must be dealt appropriately because an organization needs to operate its supplies regularly and effectively (ed. Katz & Kahn, 1978).

Further, researchers such as Ottesen & Gronhaug (2004), Zollo & Winter (2002) worked to investigate the affects of different types of turbulence on organizations' ability. According to Kohli & Jaworski (1990) technological turbulence is a route for

organization to gain competitive edge over others through technological innovations which becomes possible with the implementation of market orientation. The underlying principle behind this is that organizations become innovation driven through market orientation (Berthon, Hulbert & Pitt, 1999). Consequently, when technological turbulence is high, organizations need to focus on opportunities to take advantage of rising market demands (Miller, 1987).

Scholars (Jaworski & Kohli, 1993; Krica et al., 2005, Slater & Narver, 1994b; Greenley, 1995a) argue market turbulence as an arbitrator of association between the market orientation and business performance. Jaworski & Kohli (1993) defined market turbulence as "the rate of change in the composition of customers and their preferences". Their rationale behind this is that in high turbulent market the organizations are need to be more market driven to understand and adapt the rapid and frequent changes of market. This market oriented approach of an organization leads to achieve better performance.

Miles & Snow (1978) proposed four distinct strategies (defenders, reactors, analyzers and prospectors) of an organization based on its response to changing environment conditions. They defined "defenders as organizations which have narrow product market domains", "prospectors as organizations which search for market opportunities regularly", "analyzers as organizations which operate in stability and changing environment", and "reactors are organizations in which top managers frequently perceived change and uncertain occurring in their organizational environment". They argued that among all the four strategies, prospectors are the highly proactive as they search for opportunities and encourage modifications to their industries. Thus, prospectors are closest to market oriented approach of an organization and help in optimum utilization of firms' available resources (McDaniel & Kolari, 1987).

Sandberg & Hofer (1987) discovered the impact and affects of competitive intensity on the success new enterprise entrance into an industry. They investigated that market orientation help to gain competitive advantage to firm in highly challenging environment. They reasoned that in highly competitive environment, market orientation is more pronounced because the customers want new and innovative

products. Organization struggles to understand distinct demands of the customers and try to be more innovative than its other counterparts. So, market orientation is a major parameter to tackle turbulence for any organization.

2.10 MARKET ORIENTATION AND CUSTOMER SATISFACTION

Customer satisfaction is one of the fundamental concepts in marketing and it is defined by various researchers (Tse & Wilton, 1988; Westbrook & Reilly, 1983; Spreng & Mackoy, 1996; Oliver & Swan, 1989b; Cadotte, Robert & Roger, 1987; Altarifi, Aqel & Tarawneh, 2016) differently. These scholars have compared standards in satisfaction study by evaluating the difference between expectations-disconfirmation satisfaction model, desires-disconfirmation satisfaction model, equity-disconfirmation satisfaction model and experience based experience-disconfirmation satisfaction model. These models broadly explain that customer satisfaction occurs when perception matches with expectations of customers.

According to Hawkins, Roger & Coney (2001), if customer is satisfied with the purchase then his decision making time will reduce in future. This is because satisfactory purchase is pleasing and motivates the customers to repeat the same behavior next time. In addition, satisfied customers are likely to enhance the positive word of mouth and encourage others to deal with their organization. Also, customer satisfaction is conceptualized as a mental state of customers which emerges from the comparison of customers' expectations before purchase and perception about the performance after purchase (Westbrook & Oliver, 1991).

Consequently, it is essential for organization to deal their customers consciously to make them satisfied and loyal. Oliver (1996) proposed that customers who strive for satisfaction do not consider end product only, rather they draw satisfaction from the entire process of delivery of products or services. This signified that it is important for organizations to make the process of transforming the inputs into outputs and then deliver outputs to end customers smoothly and conveniently to make its customers satisfied. But if the customers are dissatisfied then organizations need to put more efforts to check the disparities and discrepancies in the process. It is because customer dissatisfaction is harmful for overall growth of an organization as competitors can take advantage of it. Customer dissatisfaction helps the competitors

to attract the customers of rivals, thus, it is very important for firms to take care of this thing at initial stage of process (Westbrook, 1987).

In nineties, Kohli & Jaworski (1990) argued that market oriented organizations are more likely to satisfy the customers as compared to those which do not follow market oriented approach. It is because effective implementation of market orientation ensures the gathering of proper information of market, dissemination of information and response of organization according to the prevailing conditions of market. They supported that market orientation directs to satisfy existing customers and these customers can motivate other potential customers through their positive word of mouth. Kotler (1998) also asserted that market orientation leads to greater customer satisfaction and repeat purchase. It has also been said that highly satisfied customers are likely to be loyal and repeat the purchase as and when organization introduces new and upgraded products, pay more attention to its products as compared to the competitors' products, less sensitive to price and costs less to serve.

Doyle (1995) posited that market orientation approach helps to create superior value for customers which enhance the business performance. Market orientation helps to generate information about customers and competitors which further leads to differentiate the services provided by organization and its competitors. Market orientation approach also understands the needs and preferences of existing and potential customers and market oriented organizations guarantee to satisfy its customer's existing and anticipated needs by showing commitment, generating value in the product, solving customers' complaints and grievances, generating adequate information, disseminating information across different departments, planning appropriate managerial action or response based on the intelligence generation. Market orientation is positively associated with customer satisfaction and help to understand the state of mind of customers to provide services according to the preferences of their customers.

The review of literature revealed that initially, it was noticed that organizations try to provide quality in services to its customers but they do not have straight control over customer's service experience. But due to inseparable involvement of customers (Ghobadian, Speller & Jones, 1994) it was quite important for service

providers to see actual experience of customers about service quality. In this context, market orientation has provided new direction to firms to enhance organization's service quality. It has been investigated that whenever company initializes it's working through understanding the relationship between market orientation and service quality (Maryam, Marzieh & Marzieh, 2014), it has gained success. For improving the quality of service, companies take support of market orientation as it helps in understanding in existing and potential needs of customers in general (Fornell, 1992).

Furthermore, intelligence generation has become one of the most valued resources for an organization to keep its competitive edge in the market because it provides valuable information about the needs and preferences of potential and existing customers. Due to this, market orientation has become important for marketers as it consists of intelligence generation, intelligence dissemination, and response design and response implementation. These dimensions of market orientation not only help the organization to generate the information about the customers but also enable it to respond accordingly (Natalisa et al., 2008). In addition, responsiveness gives company a reliable path for taking the appropriate steps for improving the quality in service and make better position in the minds of the customers. The companies which follow the market orientation in an appropriate way have proven that their quality in services is better (Hsu, 2009). Hence, market orientation works for enhancing the performance of firms in terms of service quality (McGrath, 2009).

Chapter – 3

RESEARCH METHODOLOGY

This chapter presents the research design to test the hypotheses and to achieve the research objectives. Present study employs a conclusive research design comprising descriptive method to investigate the effect of market orientation consisting of three independent variables namely Intelligent Generation, Intelligent Dissemination and Responsiveness on Service Quality.

The MARKOR scale given by Kohli & Jawaroski (1990) is used to measure the extent of market orientation whereas service quality construct is measured by using SERVQUAL scale (tangibility, reliability, responsiveness, assurance & empathy) given by Parasuraman et al (1988). These scales have been used for present study because they are used widely by various researchers (Bartol, 1979; Hall, 1968; Kohli, Jaworski & Kumar 1993; Matsuno & Mentzer, 2000; Parasuraman et al., 1988; Weiss, Dawis, England & Lofuist, 1967) across different sectors of the Industry.

3.1 NEED AND SCOPE OF THE STUDY

Before 1990s, public sector was dominant in market; however, after the introduction of economic reforms in India during 1990s, commercial banks have experienced structural and operational changes. These reforms have increased volatility, self-sufficiency, vitality and competitive intensity in market as private sector got a chance to set up its business. In such a scenario, practitioners are often guided by the academicians and scholars to adopt market oriented approach to survive and grow.

The purpose of this research is to address the previously noted gaps regarding the relationship of market orientation and service quality in banking sector. In past few years, few studies have assessed service quality (Brahmbhatt & Panelia, 2008) while some of the studies investigated the extent of market orientation (Verma & Israney, 2001; Singh & Saravanan, 2015) in India. These studies have come up with many useful results, findings and managerial implications but the implications and results of these studies cannot be generalized to banking sector. This void supports the need of present study. Moreover, it has been noticed that these studies have explored the

domain of market orientation and service quality separately and none of these have studied about the impact of market orientation on service quality. Therefore, in order to fill up this gap regarding the relationship of market orientation and service quality, the present study has been taken up.

Marketing scholars and academicians have been examining the relationship between market orientation and business performance for past few decades but they have not studied the extent of market orientation and service quality in commercial banks. The existence of market orientation in banking sector has not been studied empirically in India which upholds the need to undertake the present study. Now, banks form a major portion of economy of any country due to which this particular industry (banking sector) has been chosen for present research. Efforts are made to remove the shortcomings of previous research and to study the every possible aspect appropriately which can help banks in further development and advancement in this competitive environment.

The findings of this study will be of great interest to banking sector of Punjab, which are concerned to attract more and more customers to increase their profits and market share. The study will also enhance the knowledge of managers of the banks, as service quality is of great concern to them. Banks always seek to find new ways or procedures of improvising the quality in services provided by them. Findings will be useful to bank managers who are already following market oriented approach or those who are trying to adopt market oriented practices in their businesses. To summarize, it can be said that present study will be beneficial to bank managers, business practitioners and academicians who are interested in effects of adopting and implementing a market oriented culture to enhance the level of service quality.

3.2 OBJECTIVE OF THE STUDY

It has been noticed during literature review that very less attention is paid to study the relationship of market orientation and service quality in the previous research. Market orientation is conceptualized as a multidimensional construct which improves the quality in service by gathering appropriate information and knowledge about existing and latent needs of customers (Samat, Ramayah & Saad, 2006; Green, McGaughey & Casey, 2007; Natalisa, et al., 2008;). So, keeping in view the need of

study following objectives have been framed which would help in giving the clear picture of relationship between market orientation and service quality in banks of Punjab.

- To identify the extent of market orientation in commercial banks.
- To investigate the relationship between market orientation and service quality in banks.
- To investigate the market orientation factors that has dominant impact on service quality.
- To compare the extent of market orientation in Public and Private Banks.
- To compare the extent of market orientation in Rural and Urban banks.

3.3 MAJOR HYPOTHESIS

To fulfill objectives, following hypotheses are formulated for exploring the relationship between market orientation and service quality of the banks:

$H_0$1 : There is no significant difference between extent of market orientation in commercial banks.

$H_0$2 : There is no significant relationship between market orientation and service quality.

$H_0$3a : There is no significant relationship between intelligence generation and service quality.

$H_0$3b : There is no significant relationship between intelligence dissemination and service quality.

$H_0$3c : There is no significant relationship between responsiveness and service quality**.**

$H_0$4 : There is no significant difference between the extent of market orientation in public-sector banks and private-sector banks.

$H_0$5 : There is no significant difference between the extent of market orientation in urban banks and rural banks.

3.4 RESEARCH DESIGN AND METHODOLOGY

Different definitions of research design are given over a period of time by various researchers like Campbell, Stanley & Gage (1963) and Huck (1991). They referred to research design as a systematic and controlled method of enquiry which helps in planning the procedure for gathering and examining the required information. For present study descriptive research design is selected which implies natural observation of attitudes, behavior and characteristics without any deliberate manipulation of the research settings. The research design used in present study involved following steps:

3.4.1 Survey of secondary sources

Secondary data provides the theoretical framework to build a conceptual model that has been used as road map for empirical observations. It is helpful because familiarity with secondary data indicates the deficiencies and gaps. For present study, secondary data has been collected from all the possible sources like research papers, articles, review papers, journals, magazines, books, statistical reports etc. that directly or indirectly supports the idea of the present study. Efforts were made to get proper knowledge and understanding of concepts (market orientation and service quality). Secondary data helped in identification of all relevant aspects regarding the relationship of market orientation and service quality.

3.4.2 The study population

The present study focused on top as well as middle managers and customers of selected commercial banks, thus all the commercial banks operating in India are the population of the study. Banking sector was chosen for the study because of its phenomenal growth in past few decades. The study was narrowed down to banks in state of Punjab so that relationship of market orientation and service quality in commercial banks in Punjab comes into sharp focus. The banks for the study were selected on the basis of their strength & soundness, growth, profitability and credit quality (Financial express, 2013) in the market.

Data was collected from the selected banks in 22 districts of Punjab for measuring the extent of market orientation in commercial banks. There were total 3984 banks

in the state of Punjab, out of which 3234 branches were of public banks, 463 branches were of private banks, only 8 were foreign banks, 257 were regional rural banks and 22 were local area banks (Reserve Bank of India, 2010). The branches of foreign banks and local banks in the region of Punjab were negligible due to which these banks were not included in the present study. In addition, for measuring the level of service quality in commercial banks, data was collected from the customers as well as from the middle managers of selected banks.

3.4.3 Sampling techniques and sample size

The disproportionate stratified random sampling technique was followed to draw the sample from commercial banks within the state of Punjab because the sampling fraction of both strata (public-sector banks and private-sector banks) was not same. Data was taken from 12 commercial banks (listed in table 3.1), out of which 6 were private sector banks and 6 were public sector banks across 22 districts of Punjab. These banks were selected as per their strength & soundness, growth, profitability and credit quality (Financial Express, 2013) in the market. The best bank ranking of Financial Express has been taken as the sampling frame as this ranking over the period of years has emerged as the blue ribbon of banking excellence.

The data of total number of rural and urban branches of selected commercial banks functioning in Punjab was taken from the official website of RBI. The number of branches of each bank has been taken proportionately to their total number of branches to address the objectives aptly. Further, these branches were selected using the lottery method of sampling to ensure that each branch to be sampled has an equal chance of being selected as part of the sample. Total branches taken of each selected commercial bank and their category is shown in table 3.1. As each branch has only one Branch Manager, the selection of the branch also leads to selection of the Branch Manager who is the respondent.

Table 3.1: Sample of Selected Commercial Banks

Public Banks	No. of Branches				Private Banks	No. of Branches		
	Rural	Urban	Total			Rural	Urban	Total
PNB	16	13	**29**		HDFC	13	15	**28**
Allahabad Bank	07	04	**11**		ICICI	15	10	**25**
Canara Bank	08	09	**17**		Kotak Mahindra	06	07	**13**
Indian Bank	04	06	**10**		Yes Bank	04	06	**10**
Bank of India	06	12	**18**		Axis Bank	09	07	**16**
Bank of Baroda	09	06	**15**		IndusInd Bank	03	05	**08**
TOTAL	**50**	**50**	**100**		**TOTAL**	**50**	**50**	**100**

Data was collected from managers as well as from customers to understand the extent of market orientation and level of service quality in commercial banks of Punjab. The sampling frame was divided into two groups where first group consisted of 200 managers of commercial banks to evaluate the extent of market orientation in banks. On the other hand, 325 customers of selected banks were approached to assess the service quality in commercial banks of Punjab. The sample size of 325 customers was selected using priori method of sample size calculation. In previous research studies (Dewan & Mahajan, 2014; Gautam & Singh, 2014; Singh & Kaur, 2013; Gill & Arora, 2013; Sidh, 2013; Mahalakshmi, Saravanaraj & Umarani, 2013; Banerjee, 2012; Swar, 2011; Haque, 2011; Santhiyavalli & Sandhya 2011; Mengi, 2009), respondents between 100 and 300 were taken for fulfilling the similar objectives. Data was gathered using structured questionnaires and the outcomes were figured out accordingly.

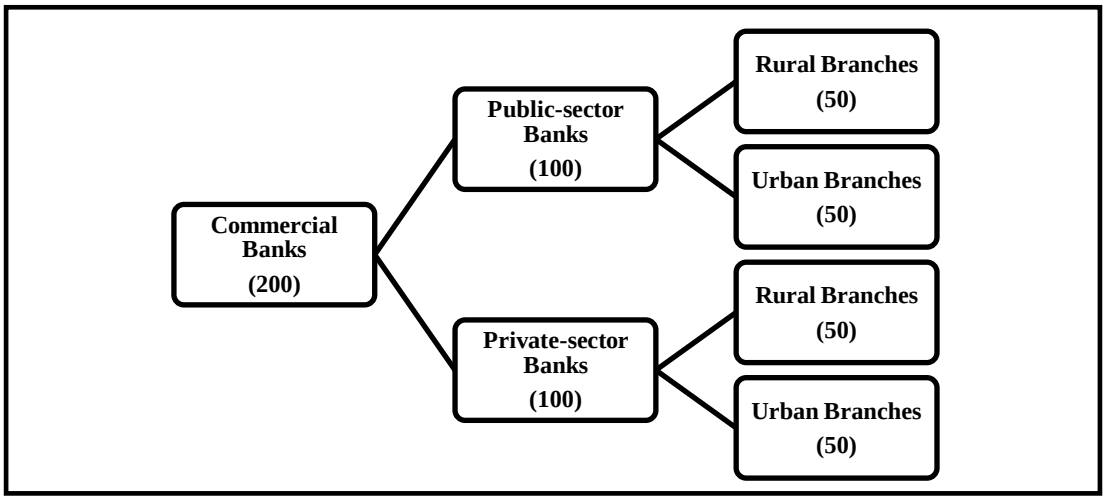

Fig 3.1: Distribution of Sample Size

In order to reach respondents, a combination of personal visits and mail method was employed. Some of the questionnaires were mailed to managers of different branches of selected public sector and private sector banks. The target respondents for survey were branch managers and senior managers of selected banks because middle level managers are assumed to have knowledge of bank policies or procedures, familiarity with its environment and access to strategic information (Aguilar, 1967; Phillips, 1981). Only 7 questionnaires were mailed to those managers whose e-mail address was available, however, the rest of the respondents were approached in person in order to gather the information. Finally, 193 usable questionnaires were obtained by meeting the managers personally constituting the response rate of 96.5%.

In order to obtain the necessary information from customers of commercial banks, convenience sampling technique has been used. Only those customers were sampled who were having account and using the services of bank at particular time. Of the 325 respondents, approximately one or two customers were taken from each selected bank branch of public-sector and private-sector. These customers were subsequently briefed about the nature and purpose of the scale contained in the questionnaire. They were informed that the questionnaires would be used to assess the overall evaluation for service quality of their respective banks as compare to others. In order to avoid the potential confusion, the questions were explained to gather data about the actual experience of service quality provided by their banks.

Furthermore, two other schedules were developed to conduct qualitative study on market orientation and service quality in banks. The first schedule was designed to get thorough knowledge about the marketing practices followed by banks. This instrument contained fourteen structured questions which were asked from chief managers of the public-sector and private-sector banks. Data was collected from twenty four chief managers comprised of two from each public-sector and private-sector banks. This data helped in analyzing the comparison of results of quantitative and qualitative data collected from the respondents. The second schedule was generated to understand the type of facilities provided by banks to their customers. The questionnaire contained eleven questions regarding different services offered by banks. Sixty customers (five from each public-sector and private-sector banks) were

approached to collect the data and the results would help in comparing the facilities and quality in services delivered to customers. Additionally, the respondents were assured that their responses or information would remain anonymous and would be used only for research purposes.

3.4.4 The research instrument

Primary data has been collected from the middle managers and customers of different bank branches with the help of sample survey method. Generally, scale development is a great concern to researchers because it is the most important part of any research or study. To overcome the problem of duplicity and redundancy, data was collected from managers and customers through structured questionnaire that contained following subparts:

(a) Identification of market orientation activities followed by the bank.
(b) Evaluation of relative importance of competitors in market.
(c) Identification of quality in services offered to customers by different banks.
(d) Identification of methods through which data about customers has been collected by banks.

Questionnaire Selection

A questionnaire is tool for executing research procedure for generating data from respondents. It contains questions specifically related to objectives. These questions are also used to gather demographic or descriptive information about the respondents. It is important to write the questions in brief and simple form so that respondents can understand the questions easily and answer them accurately.

In present study, standardized survey instruments have been chosen and used after reviewing the literature of related studies for better understanding of relationship between market orientation and service quality (Matear & Garrett, 2004; Voon, 2006; Camarero, 2007; Natalisa et al., 2008; Hsu, 2009; Ramayah et al., 2011; Nayebzadeh, 2013). For measuring market orientation MARKOR scale developed by Kohli & Jawaroski (1990) was used whereas for assessing service quality SERVQUAL scale given by Parasuraman et al (1988) was used. Internal consistency of scale items was evaluated after selecting the survey instrument. These items were

employed on five point Likert scale ranging from 'strongly agree' (5) to 'strongly disagree' (1). Pilot survey was conducted on 30% of the total samples (60 managers and 100 customers) for further clarity on items and then final instrument was taken. Steps involved in the process of questionnaire selection are shown in fig 3.2.

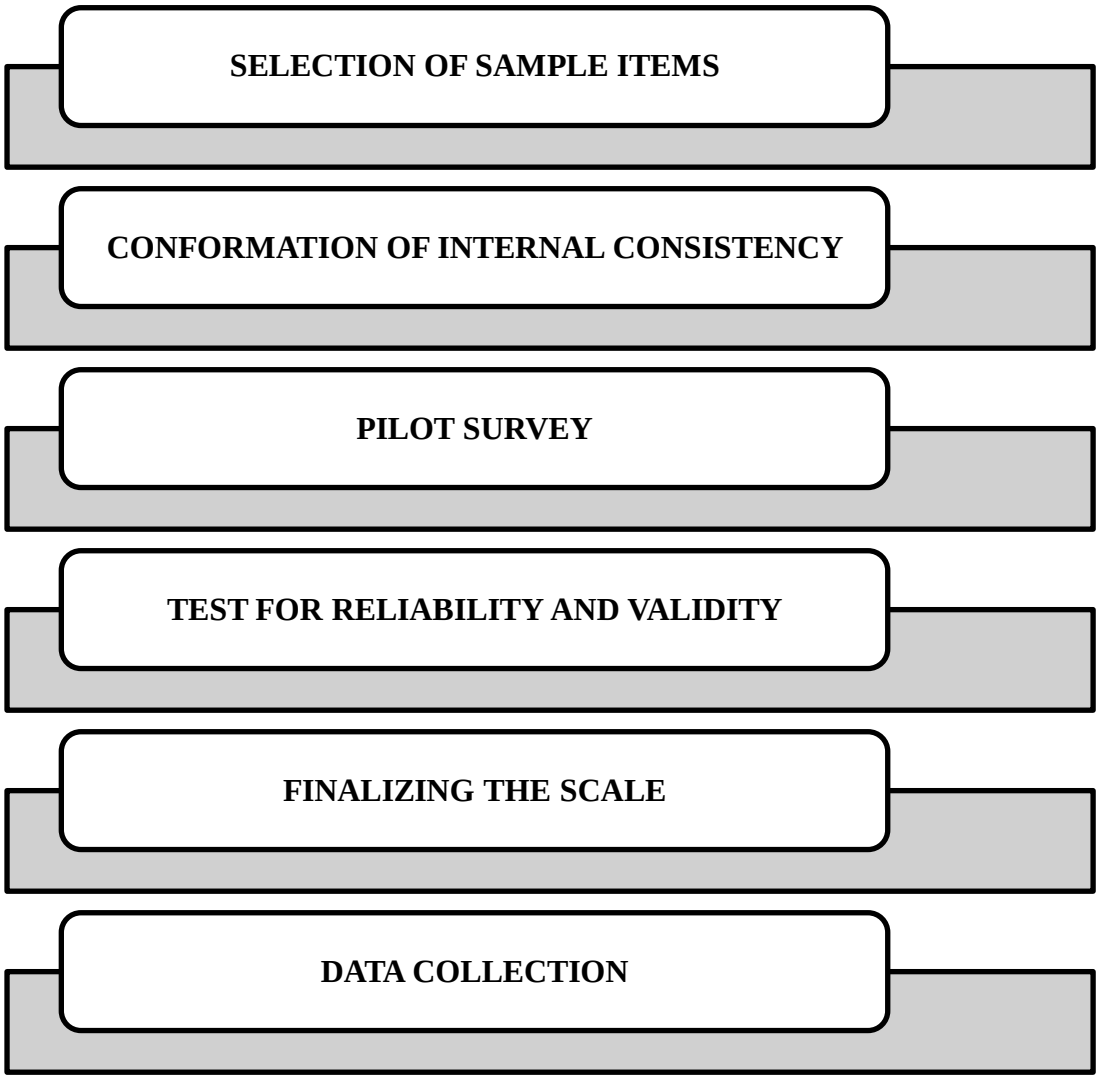

Figure 3.2: Steps involved in Scale Selection

Validity and reliability of the Instrument

Validity and reliability refers to the level up to which the measurement instrument produces consistent results. The instrument is of no use or value if it does not have sound reliability and validity. So, it is very important for researchers to select appropriate instruments for their study. In this study, both validity and reliability of scale has been assessed to verify the consistency of the scale items.

a) Validity of Instrument

Validity is defined as 'the attribute of an instrument wherein it truly measures what it was intended to measure. Validity also depicts degree to which the theoretical evidence supports the analysis of test scores assessed by using statistical tests. There are many features and components of the concept of validity, one of which is face validity.

Face validity entails that the instrument appears to be valid. This is the apparent validity of the instrument by which the instrument appears seemingly right to the reader. In the present study, multiple item scales of MARKOR (for market orientation) & SERVQUAL (for service quality) were used to determine the relationship between market orientation and service quality in commercial banks of Punjab. The need to check the validity was felt as the scales have not been used earlier in the geographic region of this study.

For clarity and ease of response, a pilot study was conducted in which the instrument was administered on the 15% of the respondents. Some academicians and managers of selected commercial banks were asked to complete the questionnaire so that one can be sure of that what we are measuring is what we think we are measuring. After receiving their suggestions, it was ensured that the matter and language of instrument is appropriate to measure objectives of the present study.

b) Reliability of Instrument

Reliability means stability of an instrument that can obtain same score if it will be measured more than once (Carmines and Zeller, 1979). Reliability is often divided into internal and external reliability. Internal reliability reveals the internal consistency of indicators which means the correlation among the items whereas external reliability describes whether the findings can be generalized or not (Bleidorn, Kandler, Riemann, Spinath & Angleitner, 2009).

The reliability of the questionnaire was checked by using test retest reliability technique. In which ten respondents were administered the questionnaire and then

were re-administered after a three weeks' time. Length of the questionnaire restricted the test-retest to only ten respondents, as the respondents found it difficult to fill in the lengthy questionnaire twice. The degree of similarity between the two measurements was then determined by computing a correlation coefficient. The Coefficient of Correlation was 0.85 between the test and the retest. A score of 0.80 or more is considered to be highly satisfactory for group measurement.

Consequently, both quantitative questionnaires were found to be both valid and reliable for collecting data from the respondents (managers and customers).

Administration of the instrument

The instrument has been administered personally after assessing its reliability, validity and pilot testing of the questionnaire. In order to approach the respondents', suitable communication channels has been used depending upon their physical location. The telephonic response rate was very low so, data has been collected through personal meetings and interviews. Respondents were approached personally in order to get the reliable and valid data. Four instruments were framed, out of which, one was for managers of commercial banks and another for the customers of the selected banks. Other two instruments were used to collect qualitative data from managers and customers. Questionnaires designed for quantitative analysis, were subdivided into three segments covering following aspects of the research study.

a) *General information:* Questions related to bank branch such as type of bank, year of establishment, category of bank etc. has been included.

b) *Banking Policy:* In this section, banks were asked to rate the statements on five point Likert scale. These statements have predilection about market orientation and service quality policies in the bank branch. The questionnaire which has been filled by customers includes service quality scale only.

c) *Descriptive information:* In this section, demographic information about the respondents has been collected in order to analyze the responses given by different respondents.

3.4.5 Statistical Tools

The collected data was recorded in a statistical software application (SPSS 21.0) for review and analysis. In order to examine the first hypothesis (there is no significant difference between extent of market orientation in commercial banks.) ANOVA was used. With regard to the second hypothesis (there is no significant relationship between market orientation and service quality) reliability test, convergent & discriminant validity and confirmatory factor analysis (AMOS-16) were employed.

Furthermore, structural equation modeling was employed using AMOS-16 to determine third hypothesis (to investigate the market orientation factors that has dominant impact on service quality) which was outlined in figure 5.2. It helped in determining the model's goodness of fit using the latent variables calculated from the observed variables. Results of the distribution values were analyzed for all the variables to determine statistical significance and resulting probabilities.

Lastly, to determine hypotheses fourth (there is no significant difference between the extent of market orientation in public-sector banks and private-sector banks) and fifth (there is no significant difference between the extent off market orientation in urban banks and rural banks) ANOVA was used, the results of which were summarized in table 4.4 & 4.5respectively.

Chapter – 4

EXTENT OF MARKET ORIENTATION IN BANKS

Market orientation refers to the state of firms directed towards market and for service firms like commercial banks it serves the purpose to attract and retain the customers. No bank can survive without customers; hence the customer is the key focus of all the market activities (Raaij, 2001). The growing competition coupled with customer desires is making it essential for the banks to implement the concept of market orientation. It enables the banks to win the customers loyalty and develop competitive edge over a period of time (Natalisa et al., 2008). This chapter presents the measure of the extent of market orientation in commercial banks of Punjab. In addition, a comparison has been made between private & public sector banks and rural & urban branches of commercial banks to find out their nature of market orientation.

The survey for the study was conducted on 12 commercial banks of Punjab, out of these 12 banks, six were public sector banks and six were private sector banks. These banks were selected on the basis of their growth, profitability, efficiency and credit quality (Financial Express, 2013). The selected public banks were Punjab National Bank, Allahabad Bank, Canara Bank, Indian Bank, Bank of India and Bank of Baroda, whereas,private sector banks include HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Yes Bank, Axis Bank and IndusInd Bank. The total bank branches taken for the study were 200, out of which 100 were private-sector and 100 were public-sector bank andfurther in each category the branches of these banks were categorized as urban (50 branches) and rural (50 branches). The proportion of banks has been taken according to their total number of branches in different districts of Punjab.

This chapter includes eight sections, namely, descriptive statistics, scale reliability, assessment of scale validity, mean score of market orientation constructs in public and private sector banks, mean score of market orientation constructs in rural and urban bank branches, assessment of internal consistency of constructs of market orientation, correlation among five constructs of market orientation, measurement of dominant factor of market orientation in commercial banks of Punjab.

4.1 DESCRIPTIVE STATISTICS

Descriptive statistics is a method of describing, showing and summarizing large quantities of data in a meaningful way through simple tables and graphs that highlights the important mathematical figures. These tables, diagrams and figures provide better structure of data presentation by making it more clear and visual. Descriptive statistics has been used to describe data set through measures of central tendency and measures of variability or dispersion. Unlike inferential statistics, it does not give any conclusions about the characteristics exhibited by a sample rather it describes sample data that is helpful in further analysis. It is considered as an important technique to represent the data. Descriptive statistics of sample used in present research is summed up in table 4.1 and discussed in subsequent sections.

Table 4.1: Descriptive Statistics of Sample

Banks	**Frequency**	**Percentage**
		N = 200 Bank Branches
Public Banks		
Punjab National Bank	29	14.5
Allahabad Bank	11	5.5
Canara Bank	17	8.5
Indian Bank	10	5.0
Bank of India	18	9.0
Bank of Baroda	15	7.5
Private Banks		
HDFC	28	14.0
ICICI	25	12.5
Kotak Mahindra	13	6.5
Yes Bank	10	5.0
Axis Bank	16	8.0
IndusInd Bank	08	4.0

Response Rate

Response Rate	Frequency	Percentage
Mail questionnaire	7	3.5
Personal visits	193	96.5
Total Response	200	100

Category of Bank

Category	Frequency	Percentage
Rural	100	50.0
Urban	100	50.0

Age of Managers

Age	Frequency	Percentage
25-35	13	6.50
36-45	136	68.00
46-60	51	25.5
Mean age = 43 years		

Gender of Managers

Gender	Frequency	Percentage
Male	195	97.5
Female	5	2.5

Designation of Managers

Designation	Frequency	Percentage
Branch Manager	180	90.00
Zonal Manager	4	2.00
Senior Manager	16	8.00

As shown in table 4.1, 200 questionnaires were obtained from the bank managers, constituting an overall response rate of 100 percent. Out of the 200 managers who participated in the study, 90% (n=180) were branch managers, 2% (n=4) were zonal managers and 8% (n=16) were senior managers of private and public sector banks. Zonal managers and senior managers were picked as in these branches they also had the responsibility of the branch. Descriptive statistics of sample also depicts 195 (97.5%) were males and 5 (2.5%) were females.

Table 4.1 depicts that only 6.5% (n=13) managers were between the age of 25 and 35, more than 50% (n=136) managers were between the age group of 36 and 45, and 25.5 % (n=51) were between the age of 46 and 60. The mean age of managers is 43 years which means that most of the banks are working with middle age employees. The branches of private and public sector banks have been categorized in equal number of rural and urban bank branches to compare the extent of market orientation appropriately.

4.2 SCALE RELIABILITY

Reliability is a fundamental issue in psychological measurement. In quantitative research, it is used to avoid errors that may occur in measurement process. It is the proportion of variance attributable to the actual score of the latent variable (Campbell & Fiske, 1959). Scales reliability suggests those items which are not correlated with the sum of remaining items or those which are negatively correlated must be removed from the total scale to increase homogeneity of data.

Reliability does not certify accuracy but it reveals the systematic error in measure, so, more reliable data will have less error (Messick, 1995). Reliability is concerned with the internal consistency of the items within a scale. Internal consistency of scale can only be obtained when items within the scale will be highly inter-correlated and there are two possibilities of items to be correlated. Firstly, items casually affect each other and secondly, items share a common cause, thus, high inter-item correlations indicate that all items are measuring the same thing. There are several ways for measuring the degree of consistency in scale which involve estimating the actual score of variables. True score ensures whether a specific technique used repetitively capitulate the identical outcome or not (Rubin & Babbie,

2009). The two most popular methods for checking the reliability are test retest and split half.

Scale reliability checked through test retest measures same sample size at two different times. In this method the degree of correlation between the measurements is used to determine the reliability. Another way for measuring reliability is split half reliability or coefficient alpha (Cronbach's alpha), which is used to estimate the internal consistency of the scale. In this method, sample is divided into two halves and later correlation is checked between them which mean whether the different items in the scale converge or not (Nunnally, 1967). High correlation signifies the high internal consistency whereas low correlation shows the poor internal consistency of the scale.

Out of these two techniques, Cronbach's alpha is commonly used for estimating the internal consistency, homogeneity of a scale (Fornell & Larcker, 1981). Cronbach's alpha is the ratio of two variances and its theoretical value varies from zero to one. Alpha value depends upon estimation procedure, so, estimates of alpha can take any value less than one. Generally, coefficient alpha between 0.80 and 0.95 are taken to have good reliability but coefficient between 0.70 and 0.80 are considered moderately good. Alpha value below 0.60 advocates there are errors in the assortment of items and in case of low alpha value researcher must have to compile the scale again to attain higher values of alpha.

In addition, reliability is based on homogeneity and internal consistency that considers the sources of errors which are based on the sampling of the situational factors that go together with administration of items (Nunnally & Bernstein 1994). Along with overall reliability, item total correlation is also important which measures the relationship between items and the total score of the set of items within the scale (Robinson et al., 1991). This correlation does not represent the relationships among the items only, but also ensures the internal consistency of model. A Cronbach's alpha of 0.70 and an item total correlation of 0.3 or above are the threshold values for these assessments. The items which failed to meet this threshold of 0.70 and 0.30 for scale reliabilities and item total correlation respectively (Norman & Streiner, 1997) are discarded from subsequent analysis.

Table 4.2: Scale Reliability of Market Orientation

Market Orientation Scale Items	Alpha Value N=100	Alpha Value N=100	Item to Total Correlations
Intelligence Generation			
In our bank, we meet with customers at least once a year to find out what products and services they would require in future.			0.544
Studies are made in our bank to know as to why people invest in our bank.			0.775
We conduct customer survey at least once in a year to assess their overall valuation of our bank.	0.870	0.929	0.782
We often talk with our customers in order to learn how to serve them better.			0.766
We systematically collect information on our competitors' strategies.			0.747
We periodically review the likely effect of changes in our business environment.			0.809
Intelligence Dissemination			
Persons in different departments of our bank spend time discussing customers' future needs.			0.735
When something important happens to our major customers or markets, the entire organization comes to know about it in a short period of time.			0.671
Data on customer satisfaction is communicated to all levels in the bank on a regular basis through circulars, newsletters etc.	0.839	0.862	0.695
We conduct inter-departmental meetings at least once every three months to discuss market trends and developments.			0.673
Responsiveness			
Marketing planning is done in our bank only after all the information about customers has been collected, tabulated, and accordingly analyzed by the planners.			0.662
The management of our bank makes a periodic review of all the services and products offered to our valuable customers.			0.502
Several departments of our bank get together periodically to plan suitable response to any change in the business environment.	0.898	0.914	0.699
The activities of various departments in the bank are well coordinated.			0.834
Whenever a customer is dissatisfied, the complaint is solved within 24 hours.			0.721
Irrespective of their nature of job, all employees in our bank are highly sensitive to customer satisfaction.			0.558
In the present setup, the staff in our bank gets more concerned with adhering to rules and regulations than serving customers			0.774
Our bank follows market segmentation to develop and promote different types of products and services to serve different customer groups.			0.630
If a major competitor launches a campaign targeted at our customers, we implement the optimal response immediately.			0.781

For present study, to reduce the likelihood of capitalizing on chance during scale purification the data was randomly divided into two samples before assessing reliability. The reliability analysis was conducted on first sample, replicated these analyses on the second sample. The first sample served as the measures development sample and the second sample had no influence on the choice of items to eliminate or retain which were then used to cross validate the measures. With regards to reliability, each indicator of each measurement instrument was first examined in terms of its corrected item-to-total correlation (Bearden, Netemeyer, & Teel 1989). The final scale reliabilities (alpha coefficient) and item to total correlations are reported in table 4.2. Reliabilities of subscale and item total correlation were more than 0.7 and 0.3 respectively for representing a modest degree of homogeneity and internal consistency as suggested by Nunnally & Bernstein (1994). This means that the scale items have shown the acceptable level of reliability and internal consistency due to which the data can be used for drawing other outcomes.

4.3 ASSESSMENT OF SCALE VALIDITY

Scale reliability does not illustrate the validity of data; hence, it is important for quantitative as well as qualitative research to assess validity of measures along with reliability. Secondly, it verifies the measurement models in order to develop and test the overall model fit. The term validity portrays the degree to which an observed measure effectively replicates the authentic significance of the perception under consideration (Rubin & Babbie, 2009).

4.3.1 Verification of Convergent Validity

Convergent validity examines the degree "to which two or more attempts measure the same concept through maximally dissimilar methods in agreement". It is established by showing the strong relationship or correlation between the constructs (Bagozzi & Phillips, 1982) and thus the potential of shared systematic error. The values in validity must be significantly distinct from zero and adequately large to support the further evaluation of research. However, the extent of convergent

correlations is controlled by measures taken in scale but poor convergent validity means that there may some factors which are needed to be included in the selected scale (Garson, 2001). In such a case, researcher needs to review its scale to establish convergent validity in its scale. The measurement of convergent validity of constructs of market orientation is shown in table 4.3.

Table 4.3: Convergent Validity of constructs of Market Orientation

Construct	Index	CR	AVE
MARKET ORIENTATION	Intelligence Generation	0.901	0.622
	Intelligence dissemination	0.838	0.565
	Responsiveness	0.893	0.516

CR= Composite Reliability, **AVE=** Average Variance Extracted

In the present study, confirmatory factor analysis through AMOS 18 is applied to assess the validity of market orientation constructs. The validity of measurement model mainly depends upon average variance extracted and factor loadings (Campbell and Fiske 1959). If values of average variance extracted (AVE) and composite reliability (CR) are more than 0.5 and 0.7 respectively then they show significant level of convergent validity which is an important for any subsequent analysis.

With regards to convergent validity, the values of composite reliability of all the constructs of market orientation have shown the significant range between 0.5 and 0.9. This signified that scale items of intelligence generation, intelligence dissemination and responsiveness were correlated to each other. The value of composite reliability for intelligence generation was 0.907, for intelligence dissemination was 0.838 and for responsiveness was 0.893. These values shown in table 4.3 were more than the threshold of 0.7 and finally average variance extracted (AVEs) was also above 0.5 for all the latent variables (Fornell & Larcker, 1981). All the values had fully satisfied the requirements of data to be valid. These values depicted that dimensions of market orientation scale were highly correlated which indicated that overall model supported the present study.

4.4 MEAN SCORE OF MARKET ORIENTATION MEASURES IN PUBLIC AND PRIVATE BANKS

Mean responses were calculated for each scale item. In addition to address the objectives of the research, the information provided by this analysis provides insight into each construct which in turn allows more thorough understanding of the findings.

The mean score indicates the extent and incorporation of each item as well as of each construct of market orientation in private and public banks of Punjab. The midpoint for the five-point Likert scale is 3.00. Measures below 3.00, then, indicate a lack of incorporation while measures above 3.00 indicate greater incorporation. Responses of all the managers of private and public banks were recorded to find out the mean of scale items. Mean responses are separately assessed for intelligence generation, intelligence dissemination and responsiveness and the results of these components are depicted in table 4.4.

a) Intelligence Generation

The first step of market orientation i.e. intelligence generation is treated as a generic firm activity to diagnose the needs and preferences of customers. Apart from this other factors are also analyzed to see their influence on the present and anticipated needs of customers. Equally, the importance of observing the competitor actions and their impact on customers are the major issues of intelligence generation. The outcome for each item or statement of intelligence generation is shown in table 4.4. The actual scores of public-sector and private-sector banks for intelligence generation were 24.36 and 27.86 respectively. Both scores were quite high than the expected score of 18. An examination of table 4.4 depicted that mean score of intelligence generation was higher in private sector banks than in public sector banks of Punjab. Private sector banks do extensive research to gather information about their competitors to know the services offered by them, survey of how they can influence their customers and periodic review of changes in marketplace.

Table 4.4: Mean Score of Market Orientation in Public & Private Banks

Intelligence Generation			Intelligence Dissemination			Responsiveness		
Item*	**Public Sector Banks**	**Private Sector Banks**	**Item**	**Public Sector Banks**	**Private Sector Banks**	**Item**	**Public Sector Banks**	**Private Sector Banks**
IG1	4.06	4.58	**ID1**	4.03	4.70	**R1**	3.91	4.44
IG2	4.07	4.66	**ID2**	4.03	4.69	**R2**	4.31	4.69
IG3	4.12	4.62	**ID3**	4.04	4.61	**R3**	4.14	4.71
IG4	4.06	4.65	**ID4**	4.13	4.67	**R4**	3.72	3.88
IG5	4.09	4.67				**R5**	3.96	4.79
IG6	3.96	4.68				**R6**	4.10	4.71
						R7	4.03	4.64
						R8	4.02	4.72
						R9	3.37	3.72
						R10	4.11	4.76
						R11	4.04	4.72
Theoretical Range	6 – 30		4 – 20			11-55		
Expected Range	18		12			33		
Total Score	24.36	27.86	16.23	18.67		43.71	49.78	

***** *The detail of code for example IG1 is available in Appendix-A*

b) Intelligence Dissemination

Intelligence generation is of no use until or unless it is distributed across different departments in an organization. It is basically referred to distribution of relevant, timely and actionable information to concerned departments which can be used to provide required services to customers. Table 4.4 represents the theoretical and actual score of intelligence dissemination in public-sector and private-sector banks of Punjab. The results of intelligence dissemination had shown that the total score of intelligence dissemination for public-sector and private-sector banks was 16.23 and 18.67 respectively. This information revealed that private-sector banks disseminate the collected data more efficiently to different departments within their organization.

Through proper dissemination of data, employees get adequate information about the customers in order to get tuned with them and the employees get information in short period of time if something critical happens to the regular customers. This means that banks keep eye on their major customers to uphold long term relations with them. However, market intelligence may not be always disseminated by one department to the other and direction of information flow may be reversed depending upon where it is generated.

c) Responsiveness

It is the most important factor of market orientation as intelligence generation and dissemination would only be valuable if organization responds to its customers accordingly. Responsiveness means that how much information generated is used by department to fulfill the needs of the customers. Responsiveness includes response planning and response implementation.

The results of responsiveness of public-sector and private-sector banks shown in table 4.4 reveal that response rate of both the banks was more than expected score of 33. Mean score of the public sector bank was 39.80 which was quite low than the actual score of responsiveness of private-sector banks i.e. 45.34. This illustrates that private-sector banks are more market oriented as compared to public sector banks. Private sector banks plan their response effectively to the changing trends of the marketplace. They call meetings and discussions on regular basis to plan and implement the actions as per the changes in market. These changes may occur

because of change in customer preferences, government policies, competitor's strategies etc. Sometime, banks keep on changing their strategies to combat against their strong competitors in market. Private Banks tries to resolve the customer complaints in short period to make them realize that every customer is equally important for them. Employees of these banks always try to serve their customers in a better way.

4.4.1 Extent of overall market orientation in public and private banks

The overall score of Market orientation was calculated by adding all the three constructs (Verma & Isranеy, 2001) i.e. Intelligence Generation (IG), Intelligence Dissemination (ID), and Responsiveness (R).

Theoretically,

$$MO = IG + ID + R$$

Before calculating the extent of total market orientation score, actual mean score of market orientation and its three components has been calculated.

Table 4.5: Mean Score: Market Orientation and its Components in Public and Private Banks

Components	No. of Scale Item	Expected Score Range	Expected Mean Score	Actual Mean Score			
				Aggregate Result	Public Sector Banks	Private Sector Banks	Sig.
Intelligence Generation(IG)	6	6 – 30	18	26.11	24.36	27.86	.00
Intelligence Dissemination(ID)	4	4 – 20	12	17.45	16.23	18.67	.00
Responsiveness (R)	11	11 – 55	33	46.74	43.71	49.78	.00
Market Orientation (MO)	21	21-105	63	90.30	84.30	96.31	.00

Notes: 1) Responses were obtained on a 5-point Likert scale with 1 standing for 'strongly disagree', and 5 for 'strongly agree'.

2) The theoretically possible range has been determined by multiplying the lowest and the highest responses by the number of items in a scale.

3) The 'F' values pertain to the one-way analysis of variance (ANOVA)

Table 4.5 revealed the results of mean score for overall market orientation and its components. The overall score of market orientation for private and public banks has been calculated to test the hypothesis $H_0$4 which proposed that there is no significant difference between the extent of market orientation in public banks and private banks. The significant difference between the mean scores of private and public sector banks is verified by using one-way analysis of variances (ANOVA). The aggregate scores for public and private sector banks were 84.30 and 96.31 respectively which means that private sector banks in Punjab are more directed or oriented towards market as against public sector banks.

Dimension wise analysis of market orientation scores presented the similar scenario. The aggregate scores of intelligence generation, intelligence dissemination and responsiveness were 26.11, 17.45 and 46.74 respectively and were quite high from their expected mean scores. Additionally, the component wise analysis of private and public banks has also shown significant difference in their mean scores.

4.4.2 Graphical representation of extent of market orientation in public and private banks

In figure 4.1, X-axis describes aggregate market orientation score whereas Y-axis shows the number of banks taken in each category.

The graphical representation of extent of market orientation in commercial banks of Punjab has shown above average market orientation scores. The range of overall market orientation for public sector banks was from 72 to 95 and for private banks was from 90 to 101. Private sector banks were more dynamic than public sector bank but actual mean score for both the banks was more than their expected mean scores which shows that extent of market orientation in both the banks is high. The surveyed sample has shown that nearly seventy percent banks do meet their customers regularly and gather valuable information about them thereby serves two purposes for banks. One, they get to know about the actual needs of their existing and potential customers and secondly they get aware about the strategies followed by their competitors to attract the customers.

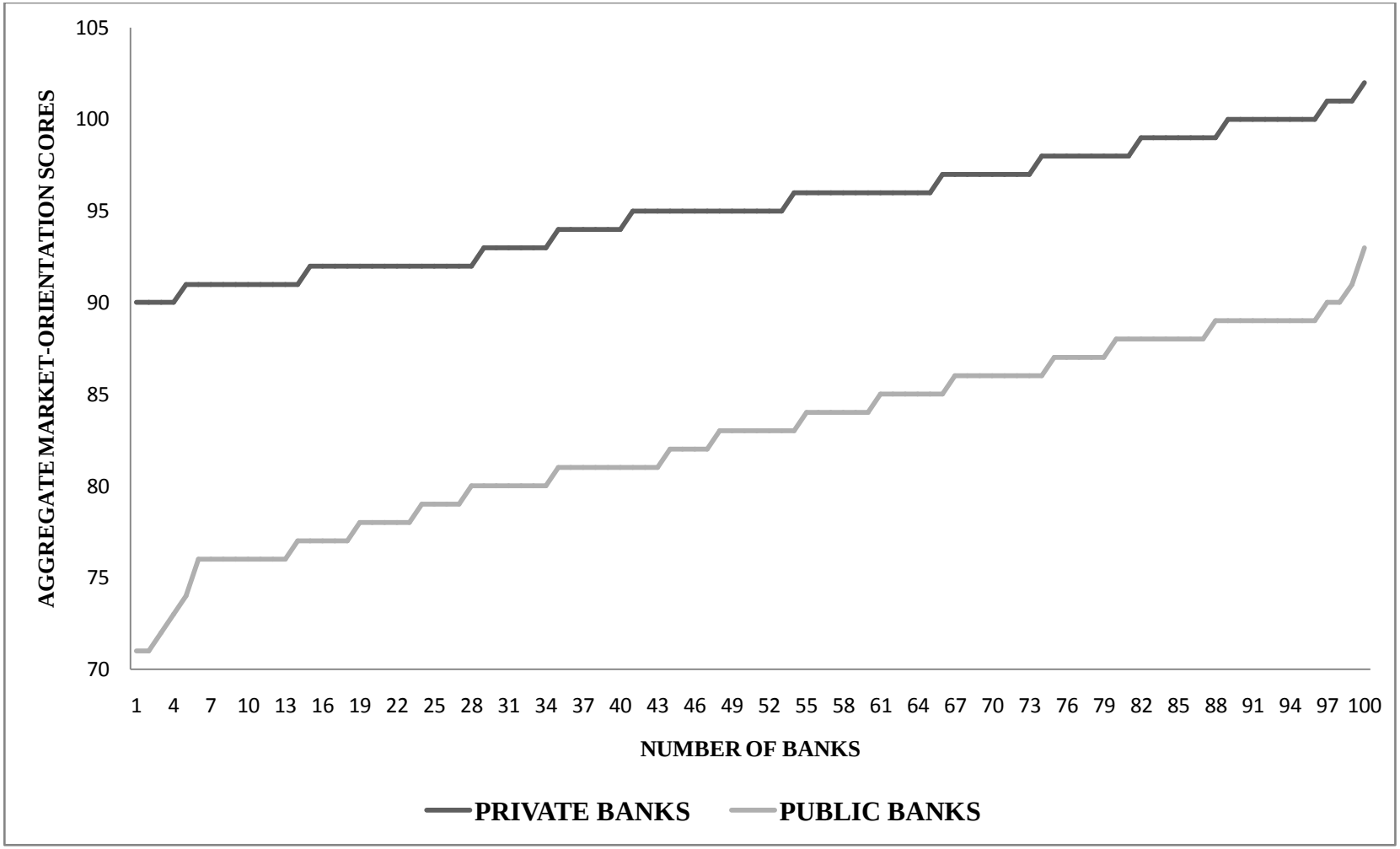

Figure 4.1: Extent of Market Orientation in Public & Private Banks

It has also been shown that information which has been generated from the customers is properly disseminated among the different departments of the banks as per their duties and responsibilities. This information plays an important role for the employees as they can easily fulfill the needs of their customers. Moreover, if banks will have proper information about the market they can accomplish their goals and targets easily which in turn helps the bank to sustain in market for long period of time.

Along with information generation, proper coordination among different departments is also important because well-coordinated departments can provide the desired services to its customers. These departments get the information according to their requirements. Out of 200 banks, at least more than fifty percent banks admitted that regular meetings are held to discuss the requirements and changes in market. These meetings help the banks to plan the targets at all levels. Further, responsiveness is considered as the most important component of market orientation among all three dimensions because this component leads to actual response of banks towards the preferences of the customers. Private Banks try to respond more quickly to the strategic moves of their competitors whereas public banks are somewhat slow in response as compared to private banks.

4.5 MEAN SCORE OF MARKET ORIENTATION IN RURAL AND URBAN BANKS

Mean responses for each scale item were also analyzed on the basis of the location of commercial banks. The primary objective for doing this was to address the hypothesis $H_0$5: There is no significant difference between the extent of market orientation in urban banks and rural banks. The mean score of all the items indicated the extent and their contribution towards overall market orientation score in rural and urban branches of commercial banks. The responses were taken on five-point Likert scale and average score of each scale item was 3.00. Mean responses of managers in rural and urban banks for intelligence generation, intelligence dissemination and responsiveness were summarized in table 4.6.

Table 4.6: Mean Score of Market Orientation in Rural & Urban Banks

Intelligence Generation			Intelligence Dissemination			Responsiveness		
Item	**Rural Banks**	**Urban Banks**	**Item**	**Rural Banks**	**Urban Banks**	**Item**	**Rural Banks**	**Urban Banks**
IG1	4.26	4.38	**ID1**	4.15	4.53	**R1**	4.54	4.74
IG2	4.27	4.36	**ID2**	4.31	4.41	**R2**	4.23	4.47
IG3	4.16	4.34	**ID3**	4.34	4.46	**R3**	4.49	4.56
IG4	4.47	4.57	**ID4**	4.28	4.42	**R4**	3.72	3.88
IG5	4.38	4.48				**R5**	4.38	4.47
IG6	4.05	4.50				**R6**	4.34	4.47
						R7	4.36	4.41
						R8	4.27	4.34
						R9	3.43	3.56
						R10	4.16	4.21
						R11	4.19	4.27
Theoretical Range	6 – 30		4 – 20			11-55		
Expected Range	18		12			33		
Total Score	25.59	26.63	17.08	17.82		46.11	47.38	

***** *The detail of code for example IG1 is available in Appendix-A*

a) Intelligence Generation:

In table 4.6, it can be seen that both rural and urban banks have above average intelligence generation scores. But it was clearly visible that level of intelligence generation of banks in urban areas (mean score = 26.63) was slightly high than the rural banks (mean score = 25.59). The difference in intelligence generation in rural and urban bank branches was quite low which posited that banks are following almost same strategies for rural as well as urban customers for gathering information about them.

b) Intelligence Dissemination:

Intelligence dissemination is a component of market orientation which represents the inter-functional coordination among the different departments. Commercial banks focus on disseminating the information across different departments in order to provide them required information. Like intelligence generation, the difference in intelligence dissemination score of both rural and urban banks was low. The mean score of intelligence dissemination for rural bank and urban bank was 17.08 and 17.82 respectively. This indicated that banks tried to make coordination among the different departments irrespective of their location.

c) Responsiveness:

The third component of market orientation is responsiveness to market intelligence. It is important factor of market orientation because it tells how well the organization is using the intelligence for fulfilling the demands of its customers. Appropriate intelligence generation and intelligence dissemination do not mean that responsiveness of an organization will also be good. The response of organization depends upon the kind of staff it has. If employees are motivated then they will definitely work for the goals and objectives of the organization but if they are not motivated they will not put their best to achieve the goals of organization.

Table 4.6 illustrates that mean difference in responsiveness of rural and urban banks was less i.e. 1.27. The overall score of responsiveness for rural and urban banks was 46.11 and 47.38 respectively. It can be said that rural and urban bank branches gather proper information about the customers and even distribute that information

to the concerned departments in the same manner. Both categories of banks are adequately market oriented and they plan their response according to prevailing conditions of market. Sometimes due to bureaucratic hurdles and statutory restrictions their extent of responsiveness is influenced. But, response planning and response implementation practices of rural bank as well as urban banks are almost identical.

4.5.1 Extent of overall market orientation in rural and urban banks

Extent of overall market orientation in rural and urban banks was calculated by analyzing the actual score of each dimension of market orientation such as intelligence generation, intelligence dissemination and responsiveness. One way ANOVA was applied to determine the significant difference between the groups (Rural and urban banks). The scores are described in table 4.7.

Table 4.7: Mean Score: Market Orientation and its Components in Rural & Urban Banks

Components	No. of Scale Item	Expected Score Range	Expected Mean Score	Actual Mean Score			
				Aggregate Result	Rural Bank	Urban Bank	Sig.
Intelligence Generation (IG)	6	6 – 30	18	26.11	25.59	26.63	.23
Intelligence Dissemination (ID)	4	4 – 20	12	17.45	17.08	17.82	.56
Responsiveness (R)	11	11 – 55	33	46.74	46.11	47.38	.47
Market Orientation (MO)	21	21-105	63	90.30	88.78	91.83	.33

Earlier, the banks were largely controlled by government authorities but now the trend has changed. Though Banks still need to work under the directions of governing bodies but they have autonomy to the extent that they have now implemented the high degree of market orientation to create superior value for their

customers. They are using their resources to gather the information about their customers to fulfill their desires. Table 4.7 depicted that all the three facets of market orientation have shown the above average results for rural and urban branches of banks. But the score of urban banks is somewhat more than the score of rural banks. The one way ANOVA test was applied to check the statistical difference between the extent of market orientation in rural and urban branches of commercial banks. The results of the test depicted that there is no significant difference between the extent of market orientation in these bank branches.

4.5.2 Graphical representation of market orientation in rural and urban banks

Graphical representation of extent of market orientation in rural and urban banks revealed the clear picture that up to what level these two banks are market oriented. From figure 4.2, it can be seen that extent of market orientation in urban banks is comparatively identical with rural banks.

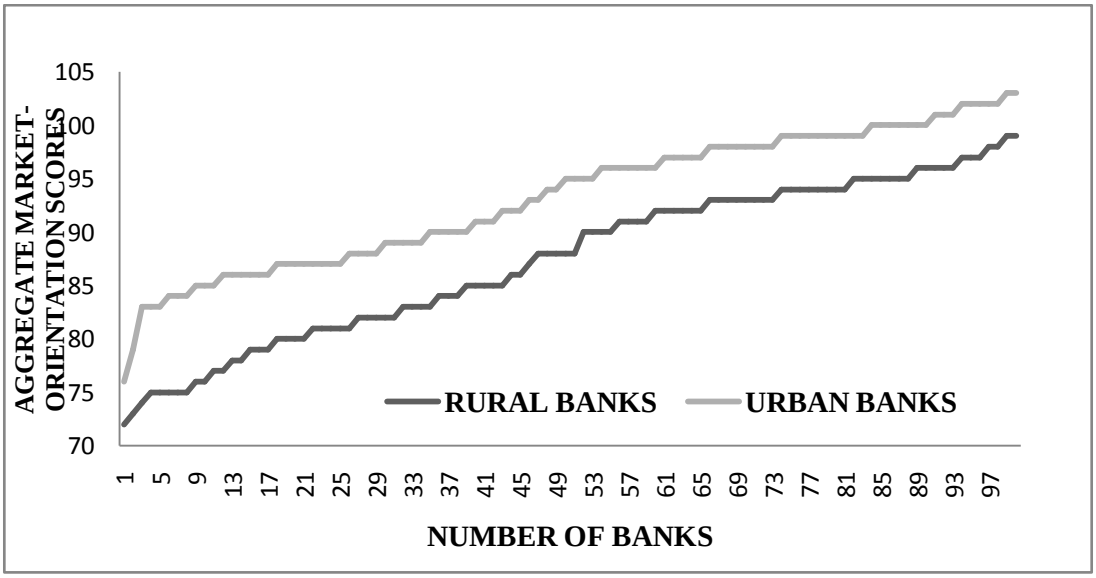

Figure 4.2: Extent of Market Orientation in Rural & Urban Banks

Figure 4.2 depicts the extent of market orientation in surveyed rural and urban branches of public and private banks. It is clear from the graph that urban branches of commercial banks in Punjab are slightly more market oriented (ranging score from 73 to 101) as compared to their corresponding rural branches (ranging from 72 to 99). Both categories of banks have shown above average market orientation

scores. The difference between them is quite low which verified that rural and urban banks follow almost same strategies to deal with the changes occurring in market.

4.6 CONSISTENCY OF SCALE ITEMS OF MARKET ORIENTATION

Internal consistency is typically a measure that is based on the correlation among the different items of the same scale or subscales. It indicates whether different items in scale measure the same construct or that and also helps to hone the scale used.

Consistency of scale items of each construct was examined by developing zero order correlation among the measures using confirmatory factor analysis. It is also known as Configural Cluster Analysis (CCA). This is the most necessary as well as basic model of confirmatory factor analysis because it compares the actual frequency distribution with the expected distribution. In general, zero order confirmatory factor analysis is viewed as a statistical anthology test because it is best applied when factors do not observe any main effect and relations in null hypothesis (Hayashi & Hays, 1987). Zero order confirmatory factor analysis recognizes types and antitypes in the model and allows the explicit separation of the different measures in the scale.

Table 4.8 depicts the zero order confirmatory analysis of intelligence generation, intelligence dissemination and responsiveness separately. In table, regression weights, standard error and standardized estimates were also recorded to check the consistency of scale items with their respective constructs.

Table 4.8 revealed 18 measures of market orientation scale, out of which six were incorporated in intelligence generation, four in intelligence dissemination and eight in responsiveness. Each of these measures is a clear indicator of its respective latent construct and shares a common cause with them. The first model in table 4.8 consists of latent variables of intelligence generation. The six indicators of intelligence generation were moderately inter-correlated as the values of standardized loadings of each indicator were greater than the threshold of 0.5. The value of GFI (goodness of fit) was 0.982, AGFI (adjusted goodness of fit) was 0.957 and CFI (comparative fit index) was 0.996 which indicate that model of zero order confirmatory analysis of intelligence generation was good and admissible.

Table 4.8: Consistency of Scale Items – Market Orientation

Intelligence Generation				Intelligence Dissemination				Responsiveness			
Item	**R.W**	**S.E**	**Std. Loadings**	**Item**	**R.W**	**S.E**	**Std. Loadings**	**Item**	**R.W**	**S.E**	**Std. Loadings**
IG6	1.000		0.85	**ID4**	1.000		0.76	**R11**	1.000		0.84
IG5	0.871	0.077	0.80	**ID3**	1.082	0.106	0.76	**R10**	0.741	0.074	0.65
IG4	0.874	0.062	0.82	**ID2**	0.997	0.102	0.73	**R7**	0.704	0.081	0.58
IG3	0.866	0.061	0.82	**ID1**	1.169	0.107	0.83	**R6**	0.929	0.072	0.78
IG2	0.879	0.062	0.83					**R5**	1.078	0.072	0.86
IG1	0.658	0.064	0.57					**R3**	0.848	0.070	0.75
								R2	0.514	0.061	0.51
								R1	0.901	0.083	0.69
Df	9			2				20			
N	200			200				200			
CMIN/df	1.282			1.356				1.719			
GFI	0.982			0.961				0.959			
CFI	0.996			0.957				0.981			
AGFI	0.957			0.904				0.927			
RMSEA	0.038			0.021				0.060			
PCLOSE	0.578			0.200				0.285			

Note: **IG** = Intelligence Generation, **ID** = Intelligence Dissemination, **R** = Responsiveness, **R.W** = Regression Weights, **S.E** = Standard Error, **Std. Loadings** = Standardized Loadings

Further, the relationship of ID1, ID2, ID3 and ID4 was assessed with hypothesized parameter i.e. intelligence dissemination. The fit indices for model were calculated to check the homogeneity and it was observed that all the indicators define the construct collectively. The value of model fit components such as GFI was 0.961, AGFI was 0.904 and CFI was 0.957 which delineated that zero order analysis was significant.

Table 4.8 also revealed zero order CFA of third element of market orientation i.e. responsiveness. The zero order confirmatory analysis of responsiveness fulfilled the minimum requirement for model to be significant. The partial out latent variables of responsiveness did not show any relationship with its construct, hence they were removed from the final scale to increase its internal consistency. The revised model of zero order confirmatory analysis of responsiveness had shown greater homogeneity which can be used for further assessment. The values of GFI, AGFI, CFI, RMSEA were 0.959, 0.927, 0.981 and 0.060 respectively. The factor loading estimate for R11 was maximum among the other seven indicators and was associated with 0.86 standardized score increase in responsiveness. Squaring the factor loadings provided the approximation of the amount of the variance in the indicator accounted for by the latent variable. The squared value of factor loadings was 0.739, thus for the R11 the factor model estimated that 73.9% of its total variance whereas remaining 26.1% was unique variance. These observations indicated that single factor model of responsiveness was also acceptable.

4.7 CORRELATION AMONG THE CONSTRUCTS OF MARKET ORIENTATION

In recent researches, it has also been discovered that market orientation works at three levels (Hsu, 2009). Firstly, it works as culture where firm understands the values and benefits regarding keeping the customers as first priority. Secondly, it operates as a strategy that creates continuous and persistence values and profits for the customers in order to bind them with the service provider. Thirdly, it acts as a tactics that enables the firm to set cross functional processes and activities to satisfy customers. These three tasks are fulfilled by three components which determine market orientation i.e. Intelligence generation, Intelligence dissemination and

Responsiveness. These three items from Kohli & Jawroski (1990) scale has been taken to measure the extent of market orientation in commercial banks of Punjab. Before calculating the correlation among the constructs, the internal consistency of the measurement model has been checked.

The relation among three components of market orientation was determined by using first order Confirmatory Factor Analysis (CFA) in AMOS 18. First order CFA is also known as sophisticated co-relational method because it detects the relationship between different factors in meaningfully related structures (Maruyama, 1998). It describes the strength of relationship among the different factors. The hypothesized three-factor model of market orientation was posited in figure 4.3 in which 18 observed measures were conjectured to load on a latent constructs of intelligence generation, intelligence dissemination and responsiveness. Figure 4.3 depicted the strength among the three constructs of market orientation which revealed that how these dimensions were interconnected to one another.

In measurement model, all the measurement errors were presumed to be unsystematic which implied that for indicators loading on the same factor, the observed covariance among these measures were explained entirely by the underlying constructs. In addition, imputed values were inspected to check lower-upper bound values of original scale and to ensure the minimum difference in standard deviations. The first order CFA has been conducted on market orientation scale with no missing values. It has been discovered that all the items had strong factor loadings but overall fit was not good and model was inadmissible due to Heywood cases (negative error variance). Consequently, the model had been reanalyzed; this resulted in dropping of three statements from the construct of responsiveness. After dropping these items from the scale, the fit indices were again calculated to check the admissibility of model. The root mean square error of approximation (RMSEA) of revised model was below 0.08 (ed. Hoyle, 1995) which was significant value for absolute measure fit. Other fit values of revised model such as GFI, AGFI, CFI, and TLI were 0.927, 0.905, 0.993 & 0.992 which also signified that model was statistically significant.

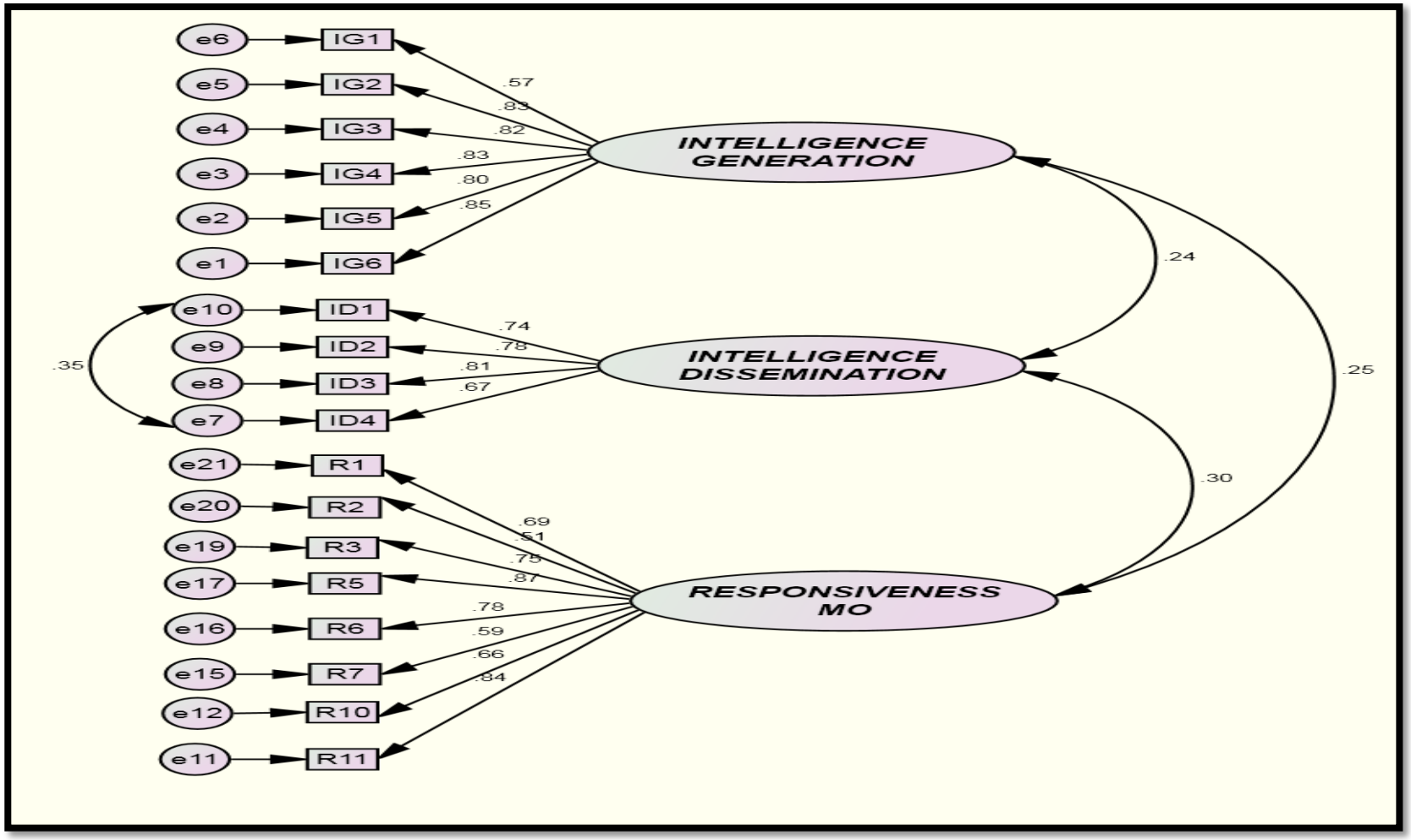

Figure 4.3: Correlation among the Constructs of Market Orientation

Moreover, this measurement model asserted that intelligence generation, intelligence dissemination and responsiveness were correlated, although the nature of their relationships was unanalyzed because there was no claim about the directionality of such relationships. The hypothesized model in figure 4.3revealed the co-variances between constructs of market orientation scale. The covariance between intelligence generation and intelligence dissemination was 0.24, intelligence generation and responsiveness was 0.25, intelligence dissemination and responsiveness was 0.30.This analysis illustrated that both intelligence generation and intelligence dissemination were important for responsiveness in commercial banks of Punjab. Without these two components, banks are not able to respond to requirements of customers. Therefore, commercial banks need to generate proper information from the market about the customers as well about their competitors and decentralize the authorities to different departments of their banks so that, different departments can plan their actions to fulfill the needs of the customers.

4.8 MEASUREMENT OF SECOND ORDER CFA OF MARKET ORIENTATION

In order to identify the dominant factor of market orientation, a confirmatory second order factor analysis was performed on data collected from managers of commercial banks of Punjab**.** It is an associated model of overall conceptual model. The results of confirmatory second order factor analysis are shown in figure 4.4 which displayed 18 measured indicator variables and three latent constructs.

In second order CFA, the three constructs such as intelligence generation, intelligence dissemination and responsiveness were covariated with market orientation. This sub model indicated that among three components of market orientation, responsiveness acted as a dominant factor and it outpaced the other two components of market orientation i.e. intelligence generation and intelligence dissemination. In the figure 4.4 standardized parameter estimates between responsiveness and market orientation was 0.55 which was more than other two dimensions of market orientation. It means that it was the most important component of market orientation.

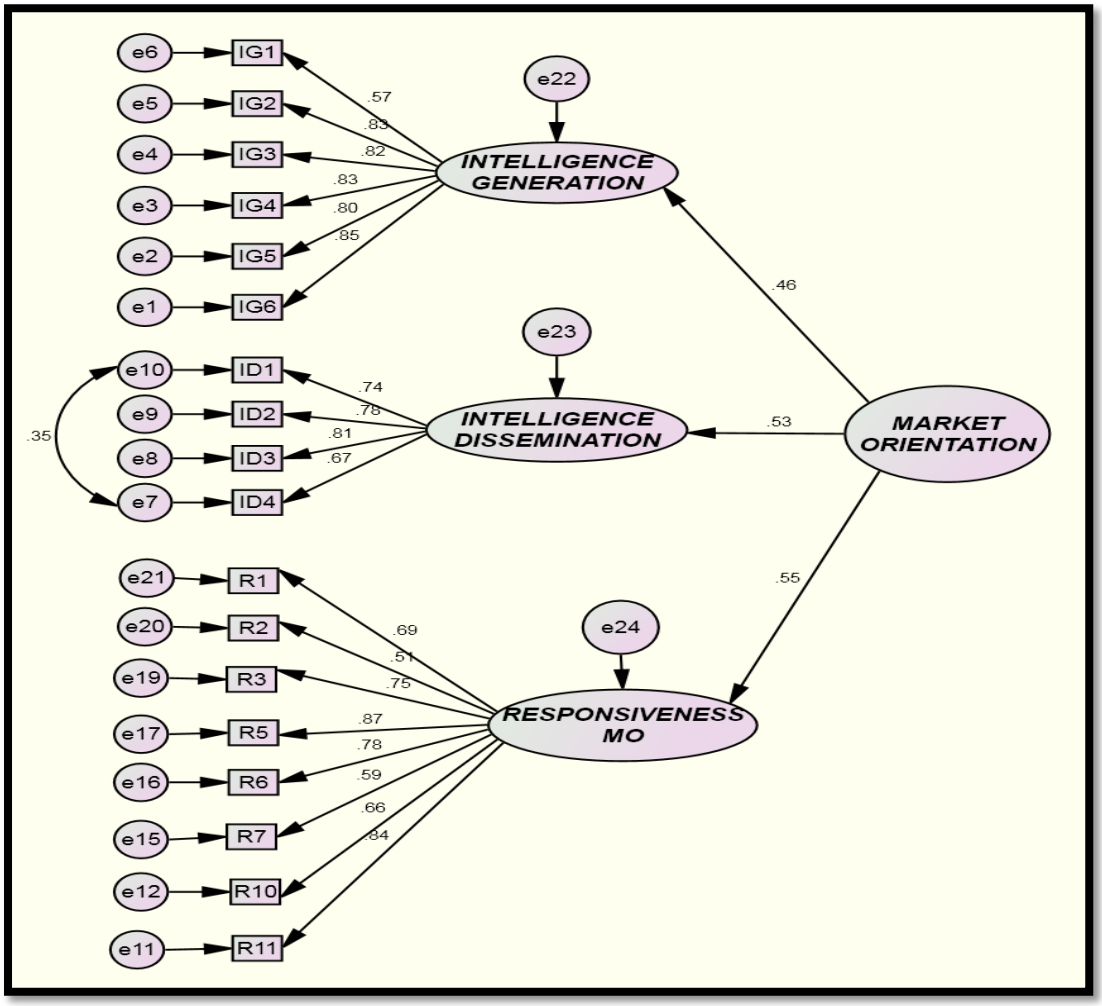

Figure 4.4: Effect of Constructs of Market Orientation

This model depicted that all the communalities of 18 measured indicator variables exceed 0.50. This verified that model is over identified and can be used for further analysis. The value for Root Mean Square Error of Approximation (lower the better) an absolute fit index is 0.022 which was quiet low than the threshold of 0.08 with 18 measured variables and sample size of 200. Considering the incremental fit indices, CFI (Comparative Fit Index) was the most widely used index (Hair et al., 2005). In this CFA model, CFI has the value of 0.993 which was greater than 0.90 for a model of this complexity and sample size. The other incremental fit indices also exceed cut off values, which reflected good model fit. This means that three components of market orientation were interrelated with market orientation and able to explain the construct. Therefore, it can be concluded that these three constructs collectively work for banks to be orientated towards market.

Measurement of extent of market orientation depicted the clear scenario that commercial banks of Punjab are highly market oriented. Commercial banks have geared up their performances in the market through the proper implementation of market orientation tools. They have understood the importance of the dimensions of market orientation for attracting more and more customers. Among all the three dimensions of market orientation, it has been proven that responsiveness is the most important dimension on which every service provider needs to focus. The results of the study exactly comprehend with the outcomes and the findings of Natalisa et al. (2008). This confirms thatcommercial banks gather information from market and even successfully dissemininate information across different departments to respond proactively. Also, between Public and Private banks, the performance of Private sector banks is better on market orientation dimensions.As far as rural and urban branches of banks are concerned they are doingequally excellent job to implement market orientation startegies.

Chapter – 5

RELATIONSHIP BETWEEN MARKET ORIENTATION AND SERVICE QUALITY

Market orientation and service quality have become essential parameters for organizations competing against one another in global competitive market (Ramayah et al., 2011). As far as service quality is concerned, it requires improvement from time to time to maintain the relation with existing customers or to capture potential customers. Many researchers (Shoham et al., 2005; Whitehall, Lukas & Doyle, 2003; Greenley, 1995a) worked on different factors to improve the level of service quality in organization, but researchers and practitioners need to discover those considerable practices which can tackle the changing trends of market with the same speed.

After the work of Kohli & Jawaroski (1990) and Narver & Slater (1993), market orientation seeks the attention of researchers to find the relationship between market orientation and service quality (Oliver, 1993). The relationship between these two components (service quality and market orientation) was found to be quite significant for organizations (Howard & Sheth, 1969) as it gives insight to understand the internal as well as external environment of the organization. The empirical work of Deshpande et al. (1993) investigated that there is a need of market oriented approach for businesses because it is supposed to be an essential perspective in service firms (Krepapa, 2003; Webb et al., 2000). Moreover, market orientation also work as a strategic tool for organization because it equips the organization with better strategies to compete with its competitors (Yavas et al., 1997).The relationship between market orientation and service quality also helps in developing comprehensive model (Kerridge, 2001) to gain maximum profit for an organization (Reichheld, 1996).

5.1 VERIFICATION OF CONSTRUCT VALIDITY

Construct validity is defined as a measure of scale items or quality that accounts for variance in a test instrument (Cronbach & Meehl, 1955); thus indicating that the test accurately represent the construct or attribute of interest. To test the validity of

model, two most widely used forms were assessed: Convergent validity and Discriminant validity as guided by Hair et al., (2010).

Convergent validity was examined by measuring the extent to which one particular measure of a construct correlates to other measures of the same underlying construct. Researchers assess the convergent validity of an instrument using different levels of statistical significance like correlation, regression analysis, factor loadings etc. Furthermore, evidence concerning convergence with measures of the same construct is more interpretable when reviewed in relation to divergence from measures of related but conceptually different constructs (Campbell & Fiske, 1959; Cook & Campbell, 1979). This observation leads logically to another aspect of construct validity i.e. Discriminant validity.

Discriminant validity is demonstrated by evidence that shows the measure of interest is appropriately related to measure of a completely distinct constructs (Messick, 1995). In addition, discriminant validity enables the researchers to examine the extent to which systematic error variance contributes to the observed measures, thus, it discriminates true score trait variance and method variance (Messick, 1995). It also widens the scope of the different constructs by explaining their uniqueness.

Few measures that are essential for ensuring validity and reliability are Composite Reliability (CR), Average Variance Extracted (AVE), Maximum Shared Squared Variance (MSV), Average Shared Squared Variance (ASV), and significance of loadings (Fornell & Larcker, 1981; Hair et al., 2010). The Average Variance Extracted (AVE) indicates the amount of variance that is captured by the construct in relation to the variance due to measurement error. It is also important that AVE values for all the constructs should exceed 0.50 (Barclay, Thompson & Higgins, 1995).

Results shown in table 5.1 depicted the values of CRs, AVEs, MSVs, ASVs and number of items in each construct. These values indicate the Convergent and Discriminant validity of scale (market orientation and service quality scale).

Table 5.1: Discriminant Validity of constructs

Construct	Index	No. of items	CR	AVE	MSV	ASV
Market Orientation	Intelligence Generation	6	0.907	0.622	0.064	0.061
	Intelligence Dissemination	4	0.838	0.565	0.087	0.073
	Responsiveness	9	0.893	0.516	0.087	0.075
Service Quality	Tangibility	4	0.824	0.552	0.059	0.021
	Reliability	5	0.930	0.728	0.061	0.044
	Responsiveness	4	0.846	0.585	0.065	0.046
	Assurance	4	0.865	0.617	0.065	0.032
	Empathy	5	0.887	0.614	0.037	0.011

The values of composite reliability and average variance extracted shown in table 5.1 for each construct are greater than the minimum threshold of 0.7 and 0.5 respectively. Also, composite reliabilities of components of market orientation (intelligence generation (CR= 0.907, AVE= 0.622), intelligence dissemination (CR= 0.838, AVE= 0.565) and responsiveness (CR= 0.893, AVE= 0.516) and service quality [tangibility (CR= 0.824, AVE= 0.552), reliability (CR= 0.930, AVE= 0.728), responsiveness (CR= 0.846, AVE= 0.585), assurance (CR= 0.865, AVE= 0.617) and empathy (CR= 0.887, AVE= 0.614)] are more than AVE that means the given scale shows convergent validity which signifies that measures of scale are correlated with each other.

In table 5.1, the MSV and ASV values for intelligence generation are 0.064 and 0.061, for intelligence dissemination are 0.087 and 0.073, for responsiveness are 0.087 and 0.075, for tangibility are 0.059 and 0.021, for reliability are 0.061 and 0.044, for responsiveness are 0.065 and 0.046, for assurance are 0.065 and 0.032, for empathy are 0.037 and 0.011 respectively. These values of both MSV and ASV were compared with AVEs (Fornell & Larcker, 1981). The AVEs are greater than the squared correlation which revealed that all the constructs demonstrate discriminant validity (Fornell & Larcker, 1981; Hair et al., 1998).

For each of single-order constructs in present study, measurement items were found converged in a single linear combination, showing uni-dimensionality and conforming to their conceptual definition. Also, for the second-order construct, the summated scale of sub-dimensions showed that these sub-dimensions were similarly correlated, but distinct to each other. The present data has shown both Convergent and Discriminant validity, thus it can be used for further analysis.

5.2 STRUCTURAL MODEL

Confirmatory factor analysis (CFA), using AMOS 18, was firstly used to assess the dimensionality and adequacy of the measurement items that correlate to corresponding latent variables simultaneously (Bollen, 1989). CFA helped to construct valid and reliable relationship between market orientation and service quality. Based on the results of confirmatory factor analysis, structural equation modeling was applied to develop the model which endeavors to estimate the overall effect of market orientation on service quality in commercial banks of Punjab. Intelligence generation, intelligence dissemination and responsiveness have shown their different impact on service quality in banks. The overall fit of the measurement models were calculated through fit indices such as chi square (χ^2) statistics, changes in χ^2, the root mean squared error of approximation (RMSEA), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), and Normed Fit Index (NFI).

Table 5.2: Overall Fit Indices of Model

Absolute Fit Measures	Acceptable level	Model Values
χ^2 (chi- square)	smaller, the better	979.3
Degree of Freedom	–	768.0
GFI	>0.8	0.814
RMR	<0.5	0.024
Relative Fit Measures		
TLI	>0.9	0.952
CFI	>0.9	0.955
IFI	>0.9	0.955
RFI	>0.8	0.809
Parsimony Fit Measures		
AGFI	>0.8	0.800
PNFI	>0.7	0.769

GFI = goodness of fit index; **RMR** = root mean square residual; **TLI** = Tucker- Lewis index; **CFI** = comparative fit index; **IFI** = incremental fit index; **RFI** = relative fit index; **AGFI** = adjusted goodness of fit index; **PNFI** = parsimony normed fit of index

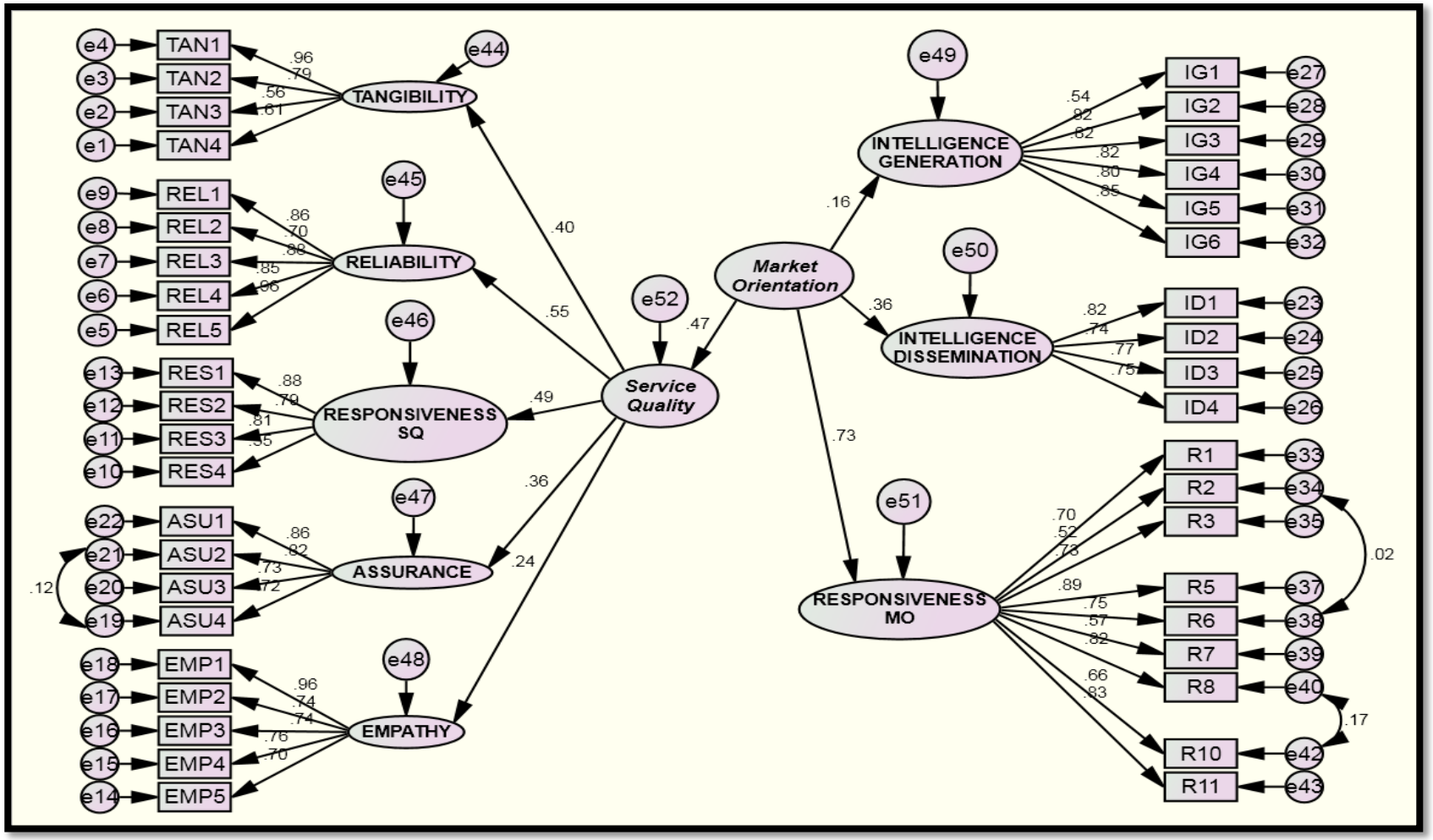

Figure 5.1: Statistical model of Market Orientation & Service Quality

Table 5.2 represents the maximum likelihood estimation of absolute, relative and parsimony measures. It has been analyzed that fit measures have shown moderately good values which depicted that structural model of market orientation and service quality is admissible. The structural model demonstrated a good fit to the data (RMR = .024, CFI = .955, IFI = .955, TLI = .952; χ^2 = 979.3, p < .001; χ^2/df= 1.27). The value chi-square indicated that model was statistically significant at confidence level of p<0.01.

5.2.1 Structural Model and Relationship Test

Model which contained both the measurement model & the structural model and proposed the hypothesized relationships between the variables (market orientation and service quality) was examined using structural equation modeling analysis. Then, the initial model was revised based on the overall fit indices in the results. The overall fit of the structural models were assessed through fit indices such as χ^2statistics, changes in χ^2, Goodness-of-Fit Index (GFI), the root mean squared error of approximation (RMSEA), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), and Incremental Fit Index (IFI). After examining overall fit indices, Path coefficients for direct effects, indirect effects, and total effects between constructs were assessed and tested.

Path coefficients and their t-values of structural model are shown in figure 5.1. Hypothesis $H_0$2 proposed that there is no significant impact of market orientation on service quality. But results of the structural equation model rejected the null hypothesis (β = 0.47, t= 6.736, p < 0.001), indicating that market orientation has a significant impact on service quality. This finding is consistent with the work of Wrenn, LaTour & Calder (1994) who discovered that market orientation is positively related and a decisive action for any service firm to give high quality service to their customers.

In figure 5.1, the path coefficients between market orientation and service quality is 0.47, which supports that there is positive effect of market orientation on service quality. In order to fulfill the demands of customers they collect proper information about the customers and competitors and later this information is disseminated across departments to respond the customers according to their specified needs.

Intelligence generation, intelligence dissemination and responsiveness collectively work as three major activities of market orientation. Figure 5.1 depict the beta values of intelligence generation, intelligence dissemination and responsiveness which are 0.16, 0.36 & 0.73 respectively. Out of these three dimensions, responsiveness has shown the maximum contribution ($\beta = 0.73$) for banks to be market orientated. This signifies that responsiveness is the most important factor for an organization to be market oriented.

5.2.2 Hypothesis Tests

A three step hierarchical multi regression analysis shown in table 5.3 was conducted to test the effect of components of market orientation on overall service quality of commercial banks of Punjab. Interaction terms were centered beforehand to reduce the impact of multi-collinearity among the variables and to differentiate the direct effects of each independent variable (Aiken & Stepghen, 1991; Jaccard, Turrisi, & Wan, 1990). In the first step of regression analysis, bank name and category of bank (Rural or Urban) were taken as control variables. To study the direct effects of intelligence generation, intelligence dissemination and responsiveness, overall service quality was regressed on all the three components of market orientation in the second step. Furthermore, interaction terms between the two components of market orientation at a time were included in the final step. These interaction terms have shown statistically significant results which signify that interaction terms have significant impact on service quality.

Table 5.3 summarizes the regression coefficients, standard error, standardized beta coefficients (β), t-values, and p-values of the variables in each step of analysis. The table shows that out of bank name and category, only bank name ($\beta = .57$, $t = 9.83$, $p < .05$) was significant in predicting overall service quality in commercial banks of Punjab. Results of hierarchical regression also show that intelligence generation ($\beta = .28$, $t = 3.43$, $p < .01$), intelligence dissemination ($\beta = .26$, $t = 3.62$, $p < .01$) and responsiveness ($\beta = .21$, $t = 2.64$, $p < .01$) were significant as predictors of overall service quality score, accounting for significant increased change of 13% of the unique variance in overall service quality beyond the control variables. The hierarchical regression analysis further revealed that all the three interaction terms have shown the incremental change of 11% of explained variance in overall service

Table 5.3: Hierarchical Regression Analysis: Direct and Interaction Effects of Components of Market Orientation on Service Quality

	Model 1					Model 2					Model 3				
	B	SE	β	T	Sig.	B	SE	β	t	Sig.	B	SE	β	T	Sig.
Constant	3.21	.16		20.66	.00	1.36	.30		4.46	.00	6.39	1.4		4.56	.00
Bank Name	.13	.01	.57	9.83	.00	.01	.02	.06	.63	.00	.00	.02	.00	.04	.08
Category	-.03	.09	-.02	-.31	.76	-.01	.08	-.01	-.18	.93	.00	.08	.00	-.04	.90
IG						.19	.06	.28	3.43	.00	-.67	.08	.08	1.94	.00
ID						.24	.07	.26	3.62	.00	-.89	.07	.09	.27	.00
R						.19	.07	.21	2.64	.01	-.49	.03	.05	1.3	.00
IG_ID											.18	.06	.24	2.7	.00
ID_R											.12	.08	.13	1.4	.01
R_IG											.05	.07	.14	.77	.00
R^2			0.33					0.46					0.57		
ΔR^2			0.33					.13					.11		
ΔF			48.304					17.351					6.037		

Note: IG = intelligence generation; **ID** = Intelligence dissemination; **R** = responsiveness

$p < 0.5$

quality score collectively. The results of interaction effect between intelligence generation and intelligence dissemination (β =.24, t = 2.7, p < .01), intelligence dissemination and responsiveness (β =.13, t = 1.4, p < .01), intelligence generation and responsiveness (β =.14, t = 0.77, p < .01) were statistically significant which means these three components of market orientation together plays an important role to improve the service quality in banks.

5.3 DOMINANT FACTOR OF MARKET ORIENTATION ON SERVICE QUALITY

Path coefficients and their *t*-values obtained in the test of dominant factor of market orientation on service quality are presented in figure 5.2.The structural model verified a good fit to the data (RMR = .107; CFI = .901, IFI = .900; RMSEA= 0.57; χ^2 = 1270.81, p < .001; χ^2/df= 1.646). It has been analyzed that fit measures have shown moderately good values which depicted that structural model of dominant factor is admissible. The chi-square also demonstrates that model was statistically significant. Figure 5.2 also shows the direct effect of components of market orientation on service quality.

5.3.1 Test of Direct Relationships

The values of Path coefficient indicate the significant impact of all the three dimensions of market orientation on service quality as shown in figure 5.2. Hypothesis $H_0$3a addressed that there is no significant relationship between intelligence generation and service quality. Results (β= 0.33, p<0.01) have shown the significant and positive relation between intelligence generation and service quality in commercial banks of Punjab. Intelligence generation includes internal as well as external research by banks to understand the needs of customers and strategies of competitors. A sound internal activity of an organization plays an essential role to deal with external affairs. Internal environment consists of organizational culture, employee behavior and inter-functional coordination (Adsit et al., 1996) whereas external activities include competitive intensity and external environment (Langerak, 2003). Thus, commercial banks in Punjab are generating required information from market for improving service quality. Furthermore, in figure 5.2 the indicator variables IG2 & IG3 of intelligence generation (latent construct) have shown high loading estimates of 0.84 & 0.83 respectively. This

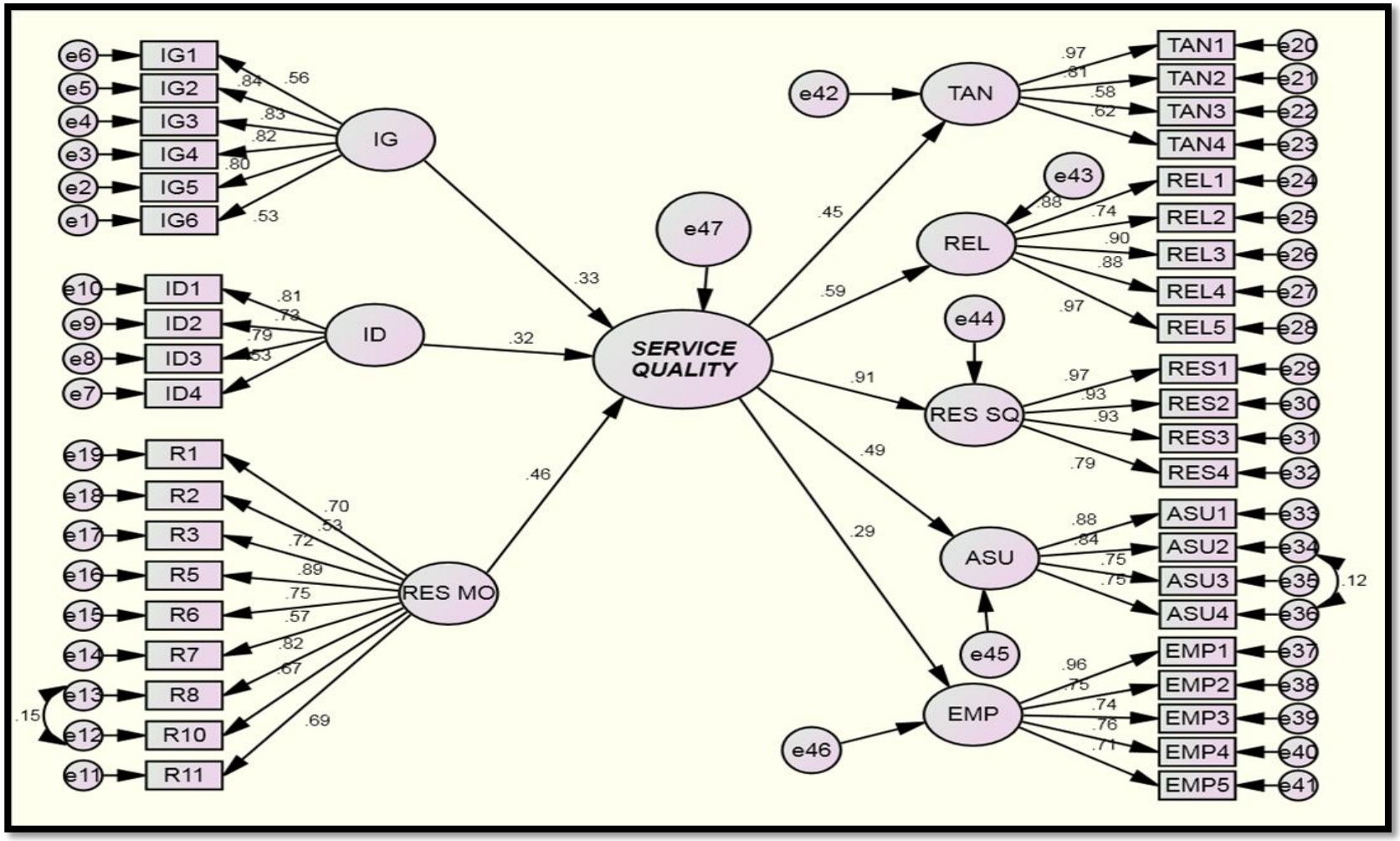

Figure 5.2: Dominant Factor of Market Orientation on Service Quality

explains that studies are made by banks to know why people invest in their bank. Banks also conduct customer survey at least once in a year to assess their overall valuation. They also periodically review the likely effect of changes in the business environment to frame the strategies according to prevailing conditions of market. This increases and widens the scope for commercial banks to maximize their profits.

Hypothesis $H_0$3b proposed that there is no significant relationship between intelligence dissemination and service quality. The path coefficient between intelligence dissemination and service quality ($\beta = 0.32$, $p<0.01$), supports the relation between two these two variables (intelligence dissemination and service quality). This signifies that commercial banks are sparing time to discuss the current and latent needs of customers. They arrange a regular meeting to discuss something important related to their major customers. These discussions and meetings are also useful to understand the problems confronted by employees while dealing customers.

Hypothesis $H_0$3c postulated that there is no significant relationship between responsiveness and service quality; a strong and positive relationship between these variables was indeed found ($\beta = 0.46$, $p<0.01$). The path coefficients of all the components of market orientation in figure 5.2 depict that responsiveness has the most dominant impact on service quality of commercial banks in Punjab. Responsiveness deals with the response level of the bank towards the customers' needs, suggestions, complaints and grievances. Commercial banks follow market segmentation to develop and promote different types of products and services to serve different customer groups. This helps the banks to implement optimal response immediately if a major competitor launches a campaign targeted at their customers.

The regression weight of responsiveness is 0.46 which is followed by 0.33 of intelligence generation and 0.32 of intelligence dissemination which indicate the major impact of responsiveness on service quality. However, other constructs are still desirable to increase the service quality because without intelligence generation and intelligence dissemination, responsiveness cannot be effective. All the three factors of market orientation together influence the service quality; hence, banks need to focus on responsiveness along with intelligence generation and intelligence dissemination to provide best services to their customers.

5.4 CORRELATION WHEEL ANALYSIS OF MARKET ORIENTATION

In order to analyze the results of data collected through the interviews of twenty four senior and zonal managers of twelve commercial banks of Punjab, statistics of co-occurrence distribution was used. The schedule used for conducting the interviews is appended as Appendix C. Co-occurrence distribution is a matrix that is used to make the relationship among the particular offsets. This matrix is sensitive to rotation, so rotation of the image of matrix is not equal to 180 degree's rotation of the same matrix. It is generally large and scattered to get a more practical and noticeable set of features. Features generated through correlation matrix are usually called Haralick features.

Correlation wheel is basically used to analyze the qualitative data because it helps to show the important relationships within the text which are highly correlated to each other. The present text analyzed the level of market orientation used in commercial banks of Punjab as depicted in figure 5.3.

Following results were drawn from the Correlation wheel:

- Banks consider market orientation as an important feature because components of market orientation help to improve the service quality offered by commercial banks to their customers. This signifies that market orientation is inter-related to service quality and banks generate information from market time and again to make their response effective.

- Banks provide desired and quality services to attract their existing as well as potential customers. They try to provide customized services to their customers' as needs of every customer are different from the others.

- Banks call meetings for setting targets for their bank branches which help in the overall growth of bank. They also discuss important issues related to marketing plans, new strategies and new services launched by them. They usually set targets for their employees in order to convince more customers to increase their or market share as compared to their competitors. To accomplish these tasks, banks co-operate and give full support to their employees in every possible way.

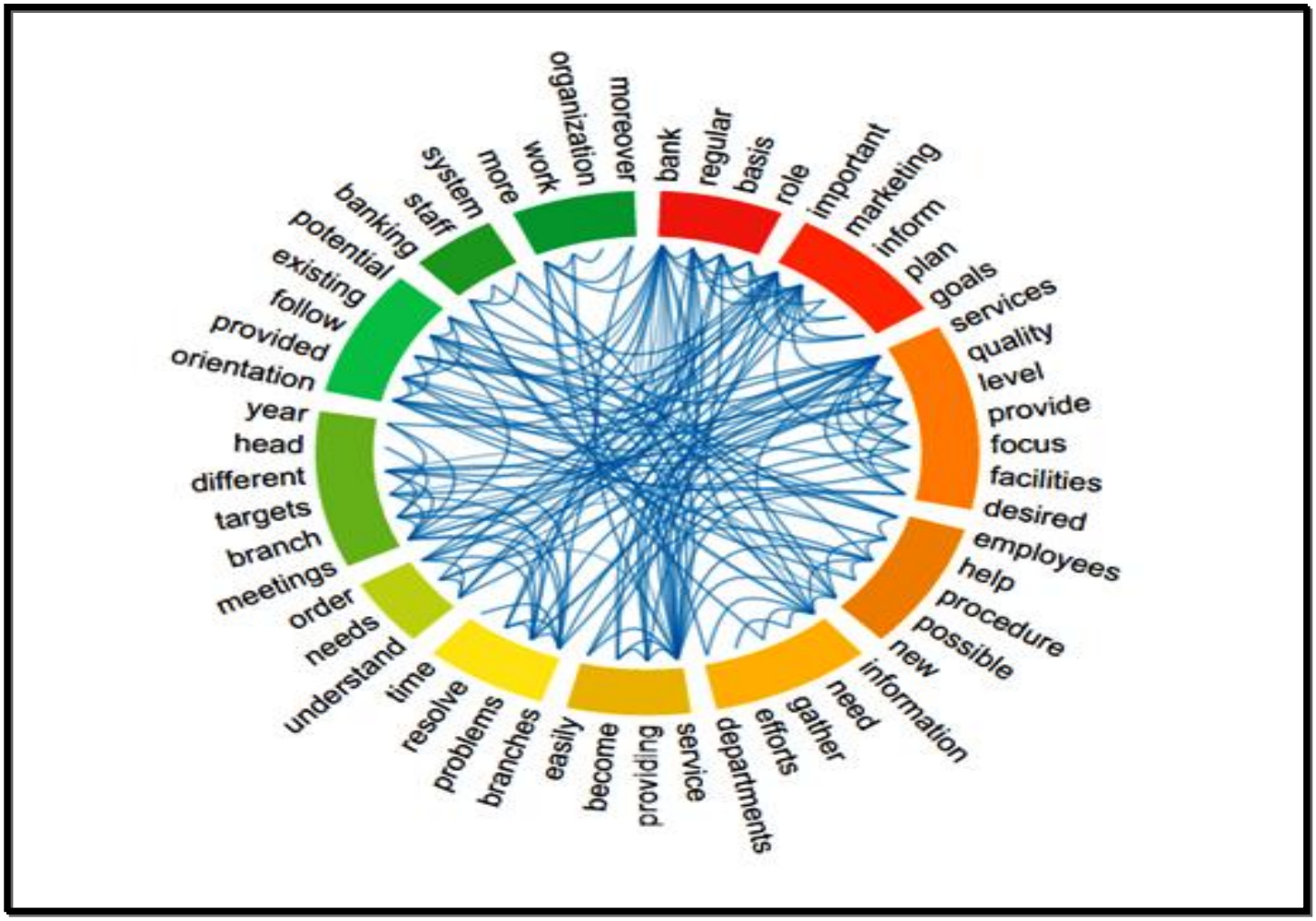

Figure 5.3: Correlation wheel analysis of market orientation

- Commercial banks of Punjab follow prescribed procedure to handle customer complaints and grievances. This may increase the response time but they try to satisfy their customers in minimum possible time.

- Banks also arrange workshops and seminars for their employees to guide them about customer dealing. These activities lessen the burden of employees because they get to know about the systematic way to handle the problems and complaints of their customers.

- Bank branches have easy access to their customer information due to innovative technology. This is also beneficial for customers as they don't need to give their information again and again. Commercial banks have special software which gives all the information about the client by one click only.

- Branches of commercial banks are well equipped and their employees are well trained to convince the customers. Employees try to make the difference between the services provided by them and their competitors which help in increasing the customer base of banks.

- As per the culture of Punjab, most of the customers of bank belong to villages. Most of these customers are unable to read and write, so, to cope up with these problems, banks have provided the facility of 'help counter'

- Banks predominantly focus on the response level in order to provide the best services to their customers as compared to their competitors. They need proper information about the customers to increase the response which can only be done by gathering information about the latest trends and changes in the demands. Banks are trying to put their genuine efforts to fulfill the needs of customers.

- Banks scrutinize the facilities and services efficiently in order to understand the desires and preferences of their customers. They discuss issues regarding the service quality, customer complaints, competitive intensity, new product development, and alteration in existing services etc. Further, the head of the branch disseminate the information to the heads of different departments to fulfill the needs of customers as per their requirements.

The results of the analysis revealed the impact of intelligence generation, intelligence dissemination and responsiveness on service quality of commercial banks in Punjab. Banks in Punjab have been found to be market oriented to enhance the level of service quality. Results indicate that commercial banks of Punjab generate information to understand the needs of the customers. Motive of generating intelligence is to know the customers' perception and expectations as identified in previous research (Lonial & Raju, 2001) across industries.

Further banks disseminate this valuable information to different departments to create awareness among their employees about the trends and changes in market. These departments also discuss the problems and complaints of customers on regular basis to solve the issues in shortest possible time. After dissemination, banks try to make their response fast, effective and useful for their customers. It has also been depicted from the analysis that responsiveness has the dominant impact on the service quality than other two components of market orientation.

The results of the study do not exactly comprehend with the outcomes of previous studies undertaken during literature review but some similarities exist with the findings of Kerridge (2001) & Camarero (2007). This indicates that components of market orientation across different industries may have their impact on service quality differently. Managers need to plan their strategies according to the market conditions and trends across different industries. Moreover, results of both qualitative as well as quantitative analysis have drawn the same conclusion that market orientation is an essential component for commercial banks to provide good service quality to their customers.

Chapter – 6

EXTENT AND GAP ANALYSIS OF SERVICE QUALITY IN BANKS

Due to increasing competition service firms in India are seeking to be distinctive from others. One such approach to ensure the success and growth of service firms is delivery of high service quality (Rudie & Wansley, 1985). Researchers proposed service quality act as a strategic tool for obtaining efficacy in practices, process and procedures of handling the business (Babakus & Boller, 1992; Garvin, 1983). Every service provider wants to offer superior service quality as compared to its competitor. But it is difficult to measure the service quality due to its three unique features viz. intangibility, heterogeneity and inseparability (Phillips, Chang & Buzzell, 1983). Hence, the quality of service can be evaluated by comparing the perception and expectation.

Quality has been defined time and again by number of authors and some well-known definitions include 'conformance to requirements' (Crosby, 1984), 'fitness for use' (ed. Juran, 1988) or 'one that satisfies the customer' (Eiglier & Langeard, 1987) etc. But an important landmark for research in this field was given in the mid-eighties by Parasuraman, Zeithaml & Berry (1985). They explained service quality as a difference between perception and expectation of customers. Based on this conception, they posited multi-item service quality measurement scale called 'SERVQUAL'. This scale consists of five components namely tangibility, reliability, responsiveness, assurance and empathy. The scale comprises an important milestone in the service quality literature and in different service settings to measure actual quality.

This chapter of study is intended to measure the extent of service quality in commercial banks of Punjab. Furthermore, the difference between managers' perception and customers' expectation is evaluated to understand the service quality gap in surveyed banks. Also, the comparison between the public-private sector and rural-urban branches of banks has provided the broader picture to analyze the level of service quality in commercial banks of Punjab.

6.1 CUSTOMERS' PROFILE

The difference between managers' perception about the delivery of service quality and service quality expectation of customers (Parasuraman, Zeithaml & Berry; 1985, 1988) represents the ability of service organization to provide superior service quality to its customers. It is important to gather information from customers' along with managers' perception about quality of services offered.

The data was collected from 325 customers of 12 commercial banks of Punjab to understand the quality of service they get from their service provider. Out of these 12 banks, six were public sector banks and six were private sector banks. Furthermore, banks were also segregated on the basis of their location such as rural and urban branches. Almost one or two customers were taken from each selected bank branch to evaluate their expectation of service quality. These customers have rated different dimensions of service quality such as tangibility, reliability, responsiveness, assurance and empathy on five point Likert scale ranging from 'strongly disagree' (1) to 'strongly agree' (5).

Demographic profiles of customers with the help of descriptive statistics are shown in table 6.1. Descriptive statistics underlined the important mathematical figures to give more clear and visual picture about the respondents. It is essential for the methods of inferential statistics, which centers on the process of investigating a sample of data about the entities of interest. Table 6.1 undergoes the information about the age group, level of income, level of education, frequency of visiting the banks and occupation of customers who participated in survey.

Out of 325 customers, most of the customers (35.4%) belong to the age group of 32-38 followed by 21.2% respondents from 18-24 & 25-31 age group, 16.9% from age group of 39-45and 5.3% were above the age of 46. The data has been collected from those who were having their account with selected 12 commercial banks. This helped in proper understanding of the level of service they are getting from their banks.

Table 6.1: Customers' Demographic Profile

Gender	%	Age	%	Education	%	Occupation	%	Frequency of using Bank Services	%	Income Level	%	Distance from Bank Branch	%
Male	68.9	18-24	21.2	Below 10^{th}	3.4	Private Sector Employee	12.6	Daily	19.0	Below 5000	16.0	0-3 km	8.9
Female	31.1	25-31	21.2	Matriculation	9.2	Public Sector Employee	18.5	Weekly	46.5	5000-15000	36.3	3-6 km	45.2
		32-38	35.4	12^{th}	12.0	Professional	3.1	Monthly	34.5	15001-30000	38.5	6-9 km	43.1
		39-45	16.9	Graduate	51.1	Businessman	12	Other		30001-45000	5.5	More than 9km	2.8
		46 & above	5.3	Post Graduate	24.3	Retired	4.3			Above 45000	3.7		
						Student	12						
						Unemployment	0.9						
						Farmer	10.2						
						Self Employed	17.8						
						Housewife	8.6						
Total	100		100		100		100		100		100		100

As far as income level of the respondents was concerned, 16% belong to below 5000 income level, 36.3% belong to the income level of Rs.5000 to Rs.15000, 38.5 % were from the income level of Rs.15001 to Rs.30000, only 5.5% were from income level of Rs. 30001 to Rs. 45000 and above Rs.45000 were only 3.7%. This depicted that most of the customers belong to second and third level of income group.

More than 50% of the respondents were males and only 31.1% respondents were female. It might be possible that males and females had different expectations of service quality from the banks. Hence, this parameter was also important to take into consideration. As far as academic qualification was concerned, most of the bank customers were graduates followed by 24.3% customers who were post graduates.

As shown in table 6.1, out of the 325 customers who participated in the study, 12.6% (n=41) were employees of private sector, 18.5% (n=60) were public sector employees,3.1% (n=10) were professionals, 12% (n=39) were businessman,4.3% (n=13) were retired, 12% (n=39) were students, only 0.9% (n=3) were unemployed, 10.2% (n=33) were farmers, 17.8% (n=58) were self-employed and 8.6% (n=28) were housewives. Furthermore, the frequency of customers visiting their banks was also calculated. It has been analyzed from table 6.1; most of the customers visit their bank weekly and only few of them visit daily. It has also been observed that customers opted for the nearby banks to open an account because 43.1% of respondents have their bank branch within the area of 6-9km.

6.2 SCALE RELAIBILITY

Reliability analysis ensures that scale items used in test will give stable results (Norusis, 1990). It is a useful tool to check the homogeneity of the scale items used in survey. The scale represents true score appropriately which contains more instruments because such scale will have less extraneous factors. Scale reliability can be calculated by computing the ratio of estimated true score and observed score. Thus,

$$\textbf{Reliability} = \frac{\textbf{True Score}}{\textbf{Observed Score}}$$

where, True score = Observed Score – Error

In this study, the perception and expectation items were examined for their reliability levels. The uniqueness of the items and the relationship between the individual items were analyzed by using descriptive statistics. Each construct (tangibles, reliability, responsiveness, assurance and empathy), which is consisted of number of scale items, were also tested for reliability. Overall reliability of scale was assessed by summation of all items as suggested by Nunnally (1978). Item to total correlations were also examined to verify the relationship between the individual and the sum of the measures on the other items. The items, which have correlation near zero, were eliminated.

In addition, the internal consistency of scale was assessed by using "coefficient alpha". A low coefficient alpha indicates that the sample perform poorly in capturing the construct which motivated the measure. On the contrary, a large alpha indicates the k-item test correlated well with the true score. If the value of coefficient alpha is more than 0.7, then it is considered acceptable for the further analysis. However, in many applied settings, where essential decisions are made with respect to definite test scores, a reliability of .90 is the minimum that should be accepted and a reliability of .95 should be considered of desirable standard.

Tables 6.2 and 6.3 show the reliability analyses for the managers' perceptions and customers' expectation scales for service quality in commercial banks of Punjab. Table 6.2 shows that the alpha values for the perceptions dimensions are 0.810, 0.927, 0.812, 0.867 and 0.883 for tangibles, reliability, responsiveness, assurance and empathy respectively. Table 6.3 shows the corresponding expectation dimensions with alpha values of 0.874, 0.821, 0.886, 0.787 and 0.866 for tangibles, reliability, responsiveness, assurance and empathy respectively. Moreover, the results have shown that the item to total scale correlations for the managers' perception scale items ranged from 0.394 to 0.691 whereas for customers' expectation scale items it ranged from 0.379 to 0.649. The (Pearson) correlation values were above the cut-off value of 0.35 suggested by Saxe, Robert &Weitz (1982), demonstrating the high correlation among the scale items. This indicated that the given scales used for measuring managers' perception and customers' expectation of service quality were reliable and internally consistent to explain the constructs. These dimensions have shown a true measure of the managers' perception and customers' expectation about the service quality in commercial banks of Punjab.

Table 6.2: Perception Scale Items: Reliability Coefficients (Cronbach's Alpha), Item to Total Correlations, Mean Item Scores and Item Score Standard Deviation

Constructs	Scale Items	Cronbach's Alpha	Items to Total Correlations	Mean	Standard Deviation
Tangibility	Up-to-date-equipment	0.810	0.394	4.53	0.500
	Visually appealing physical facilities		0.451	4.52	0.501
	Well dressed employees		0.437	4.56	0.498
	Physical facilities related to educational services		0.595	4.54	0.500
Reliability	Keep promise	0.927	0.540	4.51	0.501
	Sympathetic and reassuring		0.440	4.51	0.501
	Dependable		0.575	4.50	0.501
	Timely service		0.532	4.51	0.501
	Accurate records		0.585	4.50	0.501
Responsiveness	Timely information	0.812	0.441	4.60	0.490
	Prompt service		0.567	4.42	0.496
	Employees are helpful		0.679	4.32	0.806
	Employees respond quickly		0.589	4.38	0.744
Assurance	Trustworthy employees	0.867	0.491	4.50	0.501
	Safety in transactions		0.399	4.50	0.501
	Employees are polite		0.402	4.53	0.500
	Employees support		0.434	4.50	0.501
Empathy	Individual attention	0.883	0.570	4.48	0.501
	Personal attention		0.445	4.50	0.501
	Know the needs of customers		0.691	4.50	0.501
	Best interest at heart for customers		0.664	4.48	0.501
	Convenient operating hours		0.524	4.50	0.501
Overall Total Scale Reliability		0.824			

Table 6.3: Expectation Scale Items: Reliability Coefficients (Cronbach's Alpha), Item to Total Correlations, Mean Item Scores and Item Score Standard Deviation

Constructs	Scale Items	Cronbach's Alpha	Items to Total Correlations	Mean	Standard Deviation
Tangibility	Up-to-date-equipment	0.874	0.569	4.22	0.754
	Visually appealing physical facilities		0.553	4.22	0.731
	Well dressed employees		0.589	4.24	0.724
	Physical facilities related to educational services		0.589	4.24	0.745
Reliability	Keep promise	0.821	0.396	4.48	0.570
	Sympathetic and reassuring		0.418	4.46	0.600
	Dependable		0.395	4.52	0.542
	Timely service		0.465	4.54	0.535
	Accurate records		0.401	4.52	0.536
Responsiveness	Timely information	0.886	0.611	4.30	0.681
	Prompt service		0.572	4.27	0.708
	Employees are helpful		0.636	4.29	0.709
	Employees respond quickly		0.641	4.27	0.699
Assurance	Trustworthy employees	0.787	0.379	4.36	0.663
	Safety in transactions		0.399	4.26	0.687
	Employees are polite		0.395	4.27	0.684
	Employees support		0.381	4.37	0.642
Empathy	Individual attention	0.866	0.559	4.31	0.703
	Personal attention		0.649	4.23	0.712
	Know the needs of customers		0.550	4.22	0.726
	Best interest at heart for customers		0.611	4.24	0.711
	Convenient operating hours		0.564	4.24	0.701
Overall Total Scale Reliability		0.893			

6.3 VERIFICATION OF SCALE VALIDITY

Validity of scale simply represents the extent to which the measure is true to its proposed intention. Scale shows convergent validity in two cases; if values of CR (composite reliability) and AVE (average variance extracted) are greater than 0.7 and 0.5 respectively. And, second case is when composite reliability will be greater than value of AVE. Convergent validity was calculated for both perception and expectation scales of service quality.

Table 6.4: Convergent Validity of Constructs of Service Quality

Construct	Index	**Perception**		**E**xpectation	
		Composite Reliability	**Average Variance Extracted**	**Composite Reliability**	**Average Variance Extracted**
SERVICE QUALITY	Tangibility	0.824	0.552	0.844	0.512
	Reliability	0.930	0.728	0.843	0.631
	Responsiveness	0.846	0.585	0.922	0.533
	Assurance	0.865	0.617	0.845	0.620
	Empathy	0.887	0.614	0.823	0.553

In table 6.4, composite reliability and average variance extracted of each construct of both perception and expectation scale of service quality has been depicted. The composite reliability (CR) of perception scale for tangibility was 0.824, reliability was 0.930, responsiveness was 0.846, assurance was 0.865 and empathy was 0.887 which were more than the threshold of 0.7. The corresponding values for expectation scale of service quality were 0.844, 0.843, 0.922, 0.845 and 0.823 for tangibility, reliability, responsiveness, assurance and empathy. The values of Average variance extracted (AVE) of each construct for both the scales were less than their corresponding values of composite reliabilities. These results signified that constructs of scales were correlated with each other and shared the common cause to measure perception and expectation of service quality in commercial banks.

6.4 ANALYSIS OF CUSTOMERS' EXPECTATION MODEL OF SERVICE QUALITY

This section explained the adequacy and correlation among the five dimensions in customers' expectation model of service quality. The analysis also helped to find out the factors which influence service quality the most (in customers' expectation model).

6.4.1 Assessment of scale consistency of customers' expectation model

The standard output produced by CFA programs includes residuals. These residuals are the individual differences between the observed covariance terms and the fitted (estimated) covariance terms. The better the fit, the smaller are the residuals and more are the standard loadings. Thus a residual term associated with every unique value in the observed covariance matrix. (Hair et al, 2010)

Table 6.5: Confirmatory Factor Analysis: Items and Standardized Loadings of Service Quality Constructs in Costumers' Expectation **Model**

Indicator	Tangibility	Reliability	Responsiveness	Assurance	Empathy
T1	0.79	- - -	- - -	- - -	- - -
T2	0.76	- - -	- - -	- - -	- - -
T3	0.79	- - -	- - -	- - -	- - -
T4	0.85	- - -	- - -	- - -	- - -
RE1	- - -	0.70	- - -	- - -	- - -
RE2	- - -	0.51	- - -	- - -	- - -
RE3	- - -	0.69	- - -	- - -	- - -
RE4	- - -	0.80	- - -	- - -	- - -
RE5	- - -	0.79	- - -	- - -	- - -
RS1	- - -	- - -	0.83	- - -	- - -
RS2	- - -	- - -	0.78	- - -	- - -
RS3	- - -	- - -	0.77	- - -	- - -
RS4	- - -	- - -	0.87	- - -	- - -
A1	- - -	- - -	- - -	0.83	- - -
A2	- - -	- - -	- - -	0.56	- - -
A3	- - -	- - -	- - -	0.61	- - -
A4	- - -	- - -	- - -	0.81	- - -
EM1	- - -	- - -	- - -	- - -	0.74
EM2	- - -	- - -	- - -	- - -	0.64
EM3	- - -	- - -	- - -	- - -	0.76
EM4	- - -	- - -	- - -	- - -	0.81
EM5	- - -	- - -	- - -	- - -	0.77

** The detail of indicator for example T1 is available in Appendix B*

Confirmatory factor analysis (CFA), using AMOS 18, was first applied as an introductory analysis to assess the consistency and adequacy of the scale items that contribute to their respective latent variables simultaneously (Anderson & Gerbing, 1988; Bollen, 1989).

Table 6.5 reports the standardized loadings of scale items. As shown in the table, measurement model consisted of five constructs and twenty two indicator variables. Before testing a full measurement model, significance of each individual construct was examined by applying zero order confirmatory factor analysis. All the measurement items manifested strong factor loadings (above 0.5) and achieved the required level of acceptance, thus, no item deletion modification was required.

6.4.2 Correlation among constructs of customers' expectation model

Figure 6.1 revealed the expected service quality by customers of commercial banks of Punjab. In reviewing the first order model of customers' expectation in figure 6.1, it was observed that standardized estimates of all the constructs of service quality were more than the required level of 0.5. The model fit estimates were made the measurement model significant and valid (RMSEA=0.055, GFI=0.901, CFI=0.945). The model showed that all the constructs of service quality for customers' expectation were positively correlated.

Furthermore, there was strong correlation of 0.64 between responsiveness & empathy which signified that customers believed that they would get good response from banks when employees treated them politely and gave individual attention. Also the relationship between tangibility & responsiveness (correlation = 0.52) which meant that customers believed that tangible elements like physical appearance and display boards will be helpful for them as these boards would give information regarding the timings and services provided by the banks to their customers.

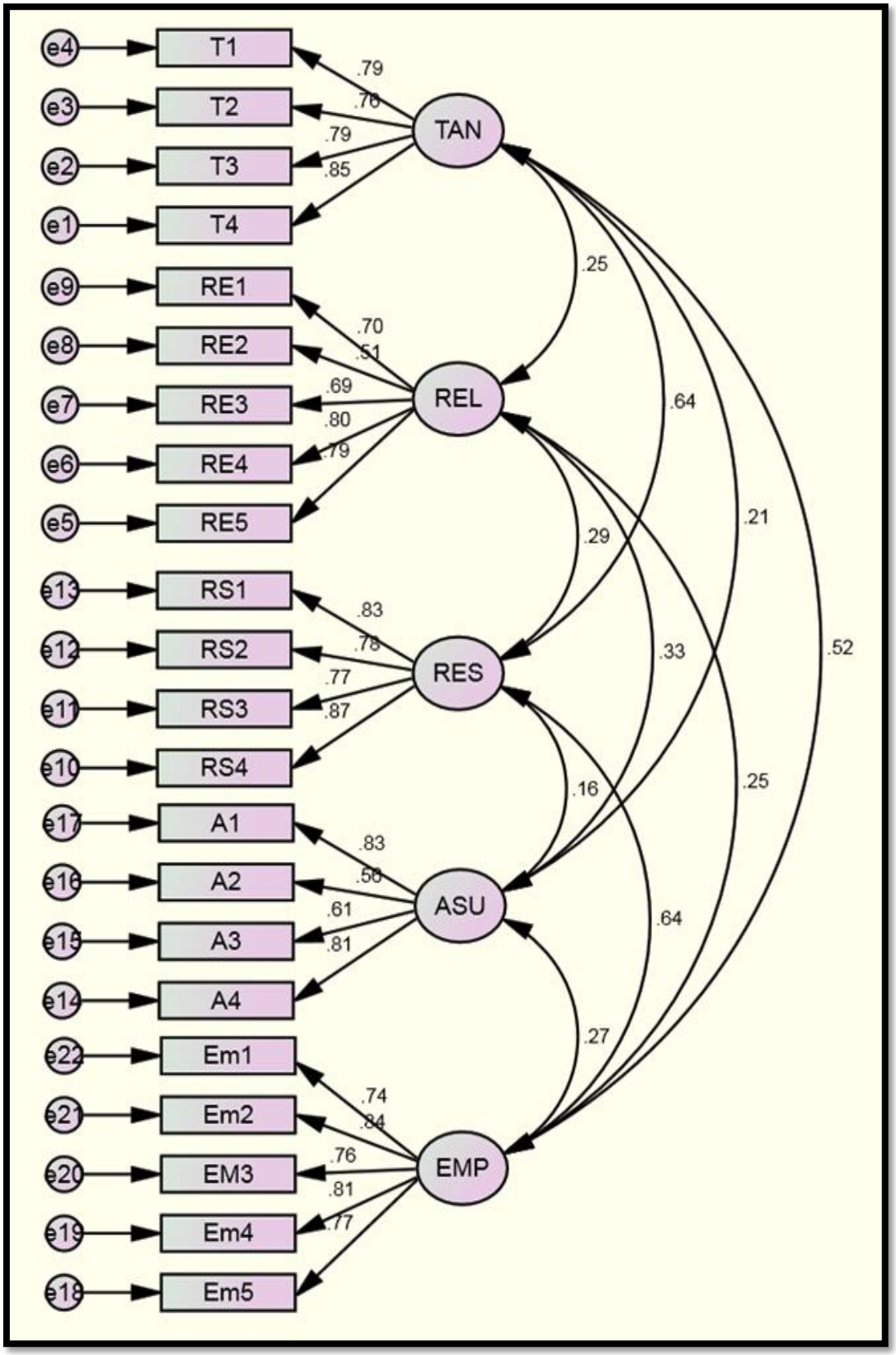

Figure 6.1: First order confirmatory factor analysis of customers' expectation **of service quality**

Full Measurement model

Confirmatory factor analysis (CFA), using AMOS 18, was first applied as a primary analysis to evaluate the dimensionality and consistency of the measurement items that connect service quality to corresponding latent variables simultaneously (Anderson & Gerbing, 1988; Bollen, 1989).

To test the full measurement model that comprises both the hypothesized relationships of five constructs with service quality and dominant factor among these dimensions. The proposed measurement model was tested using confirmatory factor analysis. Overall measurement fit indices for the model presented an acceptable level with the data (RMSEA = .055, CFI = 0.95, IFI = 0.95, TLI = .94; χ^2 (204) = 406.255, p < .001; χ^2/df= 1.99).The full measurement model of customers' expectation of service quality had significant paths between the constructs and service quality. Therefore, the model was significant to achieve model fit to the data based on the values of fit indices. The full measurement model of service quality is depicted in figure 6.2.

The squared multiple correlations indicated that service quality accounted for approximately 72.25% of the total variance in responsiveness, 54.76% in empathy and 53.29% in tangibility. Assurance and reliability together explained 20.8% of total variance in total service quality. These variances revealed that according to customers, responsiveness was dominant factor for effective service quality delivered by commercial banks of Punjab.

Goodness-of-fit summary

In evaluating the goodness-of-fit statistics in table 6.6, it was noticed that the hypothesized model fits of second order confirmatory factor analysis for customers' experience of service quality were very well supported by the CFI of.955 and RMSEA of .055. As a result, it was reviewed that modification indices were entirely in the favor of completeness. In light of the values and outcomes of good fit of the model, together with the standardized estimates, it was concluded that the second-order model shown in figure 6.2 was the most favorable representation of service quality model for customers' expectation.

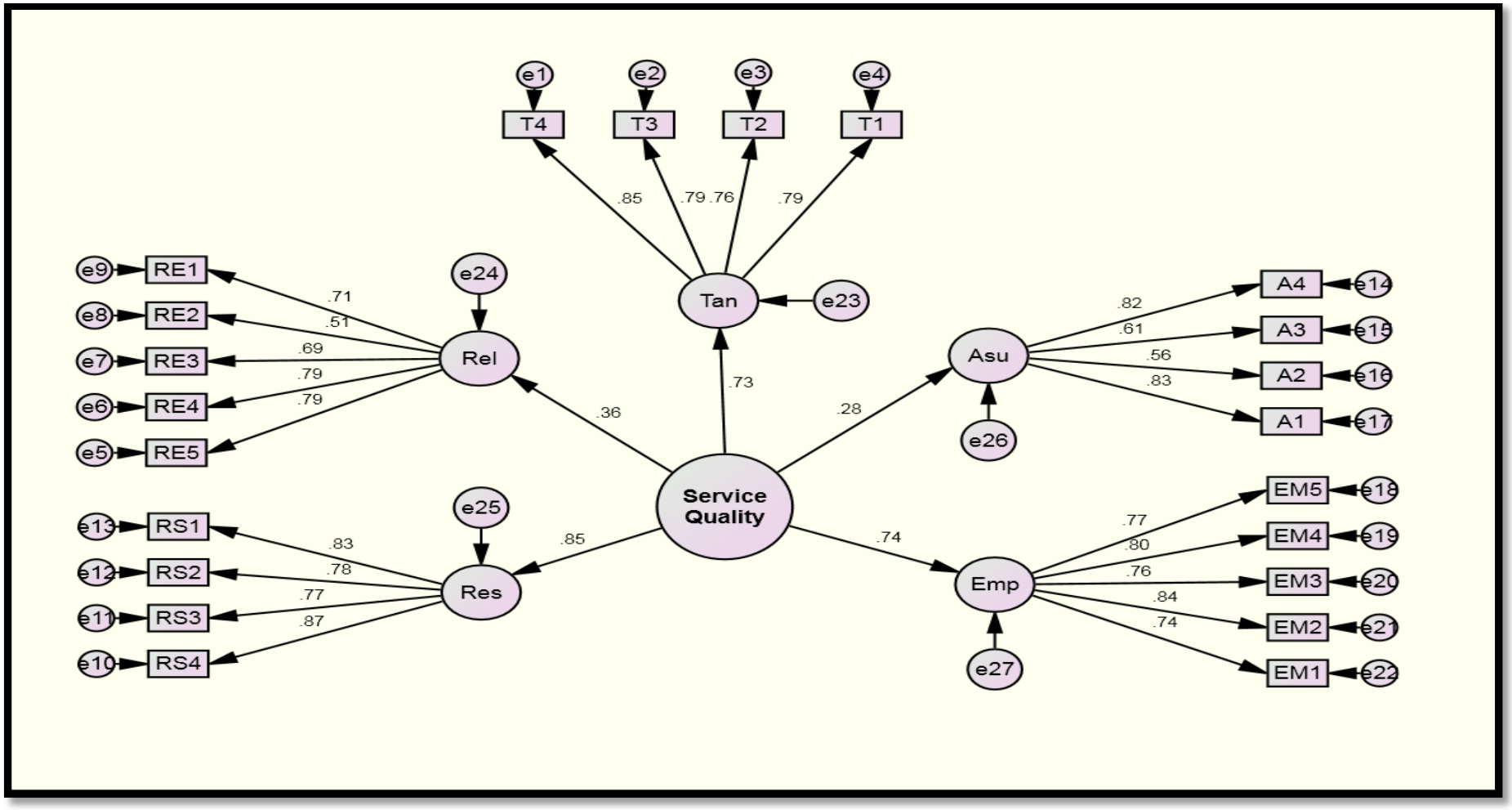

Figure 6.2: Second order confirmatory analysis of customers' expectation of service quality

Table 6.6: Hypothesized Model: Goodness-of-fit Statistics

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Your model	49	406.255	204	.000	1.991
Saturated model	253	.000	0		
Independence model	22	3877.754	231	.000	16.787

Baseline comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Your model	.895	.881	.955	.937	.955
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Your model	.055	.047	.063	.130
Independence model	.221	.215	.227	.000

The second order model of service quality for customers' expectation was obtained by using AMOS 18. Several fit indices were examined to evaluate the overall fit of model. The χ^2goodness-of-fit was statistically significant for model. However, the value of $\chi^2$was sensitive to the sample size and show high value in large samples. Therefore, other model fit indices were also important to take into consideration to check the significance of a model accurately.

Three incremental indices of fit Normed Fit index (NFI), the Comparative fit index (CFI), and the Tucker-Lewis index (TLI) were also assessed to reflect the results of the second order confirmatory factor analysis of customers' expectation model. These three incremental indices ranged from 0 (no fit) to 1 (perfect fit). If these values will be closer to one then this will signify that model is significant to explain

the relationship between different constructs. For the given model, these incremental indices have shown the significant values.

Figure 6.2 revealed the relationship of all the five constructs with service quality. The equation of relationship was as follows:

$$SQ = 0.73 (T) + 0.36 (Re) + 0.85 (Rs) + 0.28 (A) + 0.74 (Em)$$

where SQ: Service Quality

T: Tangibility

Re: Reliability

Rs: Responsiveness

A: Assurance

Em: Empathy

6.5 CUSTOMERS' DEMOGRAPHICS AND OVERALL SERVICE QUALITY IN BANKS

The level of service quality varies according to the demographics of the customers. In this section, demographics of the respondents used to gauge the overall service quality they expect from their bank.

6.5.1 Gender and overall service quality

Commercial banks try to provide Table 6.7 illustrated the results of overall service quality on the basis of gender of respondents of selected commercial banks.

On the basis of response, the score calculated for both groups revealed that most of the respondents were majorly agree with the overall service quality of their respective banks. The mean score for both the groups was found to be 3.65 and 4.04 which was higher than the expected mean. It signified that banks did not create any difference in their service while delivering it to the different groups of the society. The index score of 73.0 and 80.8 means that 73% of males and almost 81% of female customers have different expectations of services from their respective banks.

Table 6.7: Gender and Overall Service Quality

Gender		Scale					Mean	Index*
		1	2	3	4	5		
Male	Count	12	26	46	85	55	3.65	73.0
	%	5.4%	11.6%	20.5%	37.9%	24.6%		
Female	Count	2	6	16	39	38	4.04	80.8
	%	2.0%	5.9%	15.8%	38.6%	37.6%		

Note: **1)** Response were obtained on a five point likert scale with '1' standing for Strongly Disagree, '2' for Disagree, '3' for Neutral, '4' for Agree and '5' for Strongly Agree.

2) * To increase the sensitivity of measure, the mean was indexed in a more meaningful way. The mean score was divided by maximum possible score 5 and (Strongly Agree) and multiplied by 100. Thus, an index was created that varies from 0 to 100.

Table 6.8: Independent sample t-test for overall service quality (Genders)

	Equality Variance		t-test for equality of means				
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Equal Variance assumed	3.420	.065	0.409	323	0.160	.083	.059
Equal Variance not assumed			0.398	189.361	0.164	.083	.059

In order to see the statistical difference between overall service quality expected by two groups (male and females), independent t-test was used. The t-test of equality of means revealed that t (323) = 0.409, p=0.160, there was no significant difference between the means of male and females in experiencing the service quality. It revealed that banks do not do any gender biasness while delivering the services to their customers.

6.5.2 Occupation and overall service quality

Table 6.9 revealed the overall service quality expected by respondents belonged to different occupations. Out of 325 respondents, 41 were private sector employees, 60 were public sector employees, 10 were professionals, 14 were retired, 39 were students, 3 were unemployed, 33 were farmers, 58 were self employed and 28 were housewives.

Table 6.9: Occupation & Overall Service Quality

Occupation		Scale					Mean	Index* 0-100
		1	2	3	4	5		
Private-sector Employee	Count %	4 9.8%	4 9.8%	7 17.1%	11 26.8%	15 36.6%	3.71	74.2
Public Sector Employee	Count %	1 1.7%	4 6.7%	8 13.3%	26 43.3%	21 35.0%	4.03	80.6
Professional	Count %	0 0.0%	2 20.0%	2 20.0%	5 50.0%	1 10.0%	3.50	70.0
Businessman	Count %	2 5.1%	5 12.8%	10 25.6%	14 35.9%	8 20.5%	3.54	70.8
Retired	Count %	2 14.3%	1 7.1%	3 21.4%	4 28.6%	4 28.6%	3.50	0.70
Student	Count %	3 7.7%	3 7.7%	9 23.1%	11 28.2%	13 33.3%	3.72	74.4
Unemployed	Count %	0 0.0%	1 33.3%	0 0.0%	2 66.7%	0 0.0%	3.33	66.6
Farmer	Count %	0 0.0%	4 12.1%	3 9.1%	16 48.5%	10 30.3%	3.97	79.4
Self Employed	Count %	2 3.4%	7 12.1%	16 27.6%	21 36.2%	12 20.7%	3.59	71.8
Housewife	Count %	0 0.0%	1 3.6%	4 14.3%	14 50.0%	9 32.1%	4.14	82.8

Note: 1) Response were obtained on a five point likert scale with '1' standing for Strongly Disagree, '2' for Disagree, '3' for Neutral, '4' for Agree and '5' for Strongly Agree.

2) * To increase the sensitivity of measure, the mean was indexed in a more meaningful way. The mean score was divided by maximum possible score 5 and (Strongly Agree) and multiplied by 100. Thus, an index was created that varies from 0 to 100.

Table 6.10: One-Way analysis of variance (ANOVA) of Occupation for overall service quality

Occupation		Customers' Expectation		Occupation		Customers' Expectation	
		Mean difference	Sig.			Mean difference	Sig.
Private Sector Employee	Public Sector Employee	1.075	0.009	Public Sector Employee	Self – employed	0.014	0.634
Private Sector Employee	Professional	0.041	1.000	Public Sector Employee	Housewife	0.155	0.933
Private Sector Employee	Businessman	1.136	0.015	Professional	Businessman	1.095	0.032
Private Sector Employee	Retired	1.016	0.003	Professional	Retired	1.057	0.003
Private Sector Employee	Student	0.010	1.000	Professional	Student	1.109	0.001
Private Sector Employee	Unemployed	0.008	0.940	Professional	Unemployed	1.033	0.022
Private Sector Employee	Farmer	.022	1.000	Professional	Farmer	0.064	0.110
Private Sector Employee	Self – employed	1.090	0.012	Professional	Self – employed	0.131	0.129
Private Sector Employee	Housewife	1.230	0.001	Professional	Housewife	1.271	0.008
Public Sector Employee	Professional	0.117	1.000	Businessman	Retired	0.152	0.992

Contd.

Occupation		Customers' Expectation		Occupation		Customers' Expectation	
		Mean difference	Sig.			Mean difference	Sig.
Public Sector Employee	Businessman	0.212	0.532	Businessman	Student	0.154	0.931
Public Sector Employee	Retired	0.060	0.450	Businessman	Unemployed	1.128	0.024
Public Sector Employee	Student	1.058	0.030	Businessman	Farmer	0.159	0.937
Public Sector Employee	Unemployed	1.083	0.044	Businessman	Self – employed	0 .226	0.443
Public Sector Employee	Farmer	0.053	0.083	Businessman	Housewife	1.366	0.008
Retired	Student	1.002	0.002	Unemployed	Farmer	1.030	0.015
Retired	Unemployed	0.024	0.920	Unemployed	Self – employed	0.098	1.000
Retired	Farmer	1.006	0.044	Unemployed	Housewife	0.238	0.999
Retired	Self – employed	0.074	0.110	Farmer	Self – employed	0.067	0.076
Retired	Housewife	0.214	0.945	Farmer	Housewife	1.208	0.023
Student	Unemployed	0.026	0.763	Self – employed	Housewife	0.140	0.965
Student	Farmer	1.005	0.053				
Student	Self – employed	1.072	0.999				
Student	Housewife	0.212	0.767				
Overall Significance Between the groups			0.029				
F Statistics			3.207				

The results depicted that customers belonged to all the occupations expect good service delivery from their service provider as mean scores of all the respondents was more than the theoretical mean score of 2.5. In order to check out the difference in overall service quality expected among different professionals, Post-hoc Tukey HSD test was applied. Results indicated that there was statistically significant difference at the $p<0.05$ level for overall service quality expected by customers from different occupation [$F(324) = 3.207$, $p=0.029$]. This signified that customers from diverse occupations have their own expectation of service quality from their respective banks.

6.5.3 Income level and overall service quality

In table 6.11 & 6.12, overall service quality expected by customers having different income level was measured.

Table 6.11: Income Level & Overall Service Quality

Income		Scale					Mean	Index* 0-100
		1	2	3	4	5		
Below 5000	Count	3	7	7	21	14	3.69	73.8
	%	5.8%	13.5%	13.5%	40.4%	26.9%		
5000 – 15000	Count	3	9	16	53	37	3.94	78.8
	%	2.5%	7.6%	13.6%	44.9%	31.4%		
15000 – 30000	Count	6	14	30	39	36	3.68	73.6
	%	4.8%	11.2%	24.0%	31.2%	28.8%		
30000 - 45000	Count	2	2	7	4	3	3.22	64.4
	%	11.1%	11.1%	38.9%	22.2%	16.7%		
Above 45000	Count	0	0	2	7	3	4.08	81.6
	%	0.0%	0.0%	16.7%	58.3%	25.0%		

Note: 1) Response were obtained on a five point likert scale with '1' standing for Strongly Disagree, '2' for Disagree, '3' for Neutral, '4' for Agree and '5' for Strongly Agree.

2) * To increase the sensitivity of measure, the mean was indexed in a more meaningful way. The mean score was divided by maximum possible score 5 and (Strongly Agree) and multiplied by 100. Thus, an index was created that varies from 0 to 100.

It was analyzed from the table 6.11 that most of the respondents belonging to different income level fall in the category of following the statement (overall service quality) to 'Agree'. The mean score of all the respondents was more than the theoretical mean which signified that people belonged to different income levels expect differently from their service provider. Further the significant difference between the different groups was analyzed by using one-way ANOVA analysis.

Table 6.12: One-Way analysis of variance (ANOVA) of Income level for overall service quality

Income Level		Customers' Expectation	
		Mean Difference	**Significance**
Below 5000	5000 – 15000	0.116	0.639
Below 5000	15001 – 30000	1.014	0.035
Below 5000	30001 – 45000	0.031	0.997
Below 5000	Above 45000	1.053	0.045
5000 – 15000	15001 – 30000	1.101	0.023
5000 – 15000	30001 – 45000	1.147	0.041
5000 – 15000	Above 45000	0.063	0.990
15001 – 30000	30001 – 45000	1.045	0.008
15001 – 30000	Above 45000	1.038	0.061
30001 – 45000	Above 45000	0.083	0.973
Overall Significance Between the groups			0.015
F Statistics			2.832

Table 6.12 depicted the outcomes of one-way analysis of variance between the groups which was applied to check the impact of income level on expectation of overall service quality of customers. The results of table 6.12 indicated that overall service quality expected was statistically different at the $p<0.05$ level for different income level of respondents [$F(324) = 2.832$, $p=0.015$]. This signified that there was difference between the mean scores of groups defined in table 6.12.

6.5.4 Age group and overall service quality

Table 6.13 depicted the overall service quality expected by respondents of varied age groups. The responses of respondents had been complied to explore the level of service quality offered by commercial banks.

Table 6.13: Age Group & Overall Service Quality

Age (years)		Scale					Mean	Index* 0-100
		1	2	3	4	5		
18-24	Count	7	6	14	18	24	3.67	73.4
	%	10.1%	8.7%	20.3%	26.1%	34.8%		
25-31	Count	1	10	10	31	17	3.77	75.4
	%	1.4%	14.5%	14.5%	44.9%	24.6%		
32-38	Count	2	9	22	46	36	3.91	78.2
	%	1.7%	7.8%	19.1%	40.0%	31.3%		
39-45	Count	1	6	13	23	12	3.71	74.2
	%	1.8%	10.9%	23.6%	41.8%	21.8%		
46 & Above	Count	3	1	3	6	4	3.41	68.2
	%	17.6%	5.9%	17.6%	35.3%	23.5%		

Note: 1) Response were obtained on a five point likert scale with '1' standing for Strongly Disagree, '2' for Disagree, '3' for Neutral, '4' for Agree and '5' for Strongly Agree.

2) * To increase the sensitivity of measure, the mean was indexed in a more meaningful way. The mean score was divided by maximum possible score 5 and (Strongly Agree) and multiplied by 100. Thus, an index was created that varies from 0 to 100.

The results of the table 6.13 exhibited that more than 35% of the customers of commercial banks belong to the age group of 32-38 years. This illustrated that this age group covered the large chunk of customers of commercial banks. Out of 325 customers, 124 customers fall in the category of following the statement (overall service quality) to 'Agree' and 93 fall in the category 'Strongly Agree'. In addition, the mean score of responses of customers from all age groups was more than 3.41 which was higher than the expected score of 2.5. These outcomes indicated that customers of all age groups have undergone good service quality from their service providers.

Table 6.14: One-Way analysis of variance (ANOVA) of Age for overall service quality

Age Group		Customers' Expectation	
		Mean Difference	Significance
18 - 24 years	25 - 31 years	0.116	0.639
18 - 24 years	32 - 38 years	1.014	0.025
18 - 24 years	39 - 45 years	1.031	0.033
18 - 24 years	46 years & Above	1.053	0.005
25 - 31 years	32 - 38 years	0.101	0.658
25 - 31 years	39 - 45 years	1.147	0.042
25 - 31 years	46 years & Above	1.063	0.010
32 - 38 years	39 - 45 years	1.045	0.011
32 - 38 years	46 years & Above	1.038	0.038
39 - 45 years	46 years & Above	1.083	0.097
Overall Significance Between the groups			0.025
F Statistics			2.321

Table 6.14 depicted the significant difference between the distinct age groups regarding their expected service quality from banks. The outcomes of Post-hoc Tukey HSD test revealed that there was statistically significant difference at the $p<0.05$ level for overall service quality expected by customers of different age groups [$F(324) = 2.321$, $p=0.025$]. It has also been observed that the mean difference between group 25-31 years and 46 & above was maximum (mean difference=1.063) at significance level of 0.010. Every customer has his own priority in selecting and rating the service provided by their banks, hence, customers of different ages have different expectations regarding the quality in service.

6.5.5 Education level and overall service quality

Overall service quality expectation and its difference among the respondents having different qualification were compiled in table 6.15 & 6.16 respectively.

Table 6.15: Education Level & Overall Service Quality

Education level		Scale					Mean	Index* 0-100
		1	2	3	4	5		
Below 10^{th}	Count %	0 0.0%	0 0.0%	2 18.2%	6 54.5%	3 27.3%	4.09	81.8
Matriculation	Count %	0 0.0%	3 10.0%	1 3.3%	17 56.7%	9 30.05%	4.07	81.4
12^{th}	Count %	3 7.7%	5 12.8%	6 15.4%	15 38.5%	10 25.6%	3.61	72.2
Graduate	Count %	8 4.8%	18 10.8%	34 20.5%	61 36.7%	45 27.1%	3.70	74.0
Post Graduate	Count %	3 3.8%	6 7.6%	19 24.1%	25 31.6%	26 32.9%	3.82	76.4

Note: 1) Response were obtained on a five point likert scale with '1' standing for Strongly Disagree, '2' for Disagree, '3' for Neutral, '4' for Agree and '5' for Strongly Agree.

2) * To increase the sensitivity of measure, the mean was indexed in a more meaningful way. The mean score was divided by maximum possible score 5 and (Strongly Agree) and multiplied by 100. Thus, an index was created that varies from 0 to 100.

Table 6.16: One-Way analysis of variance (ANOVA) of Education for overall service quality

Education Level		Customers' Expectation	
		Mean Difference	Significance
Below 10^{th}	Matriculation	0.021	0.954
Below 10^{th}	12^{th}	0.249	0.568
Below 10^{th}	Graduate	1.087	0.009
Below 10^{th}	Post-Graduate	1.001	0.034
Matriculation	12^{th}	0.228	0.309
Matriculation	Graduate	1.066	0.021
Matriculation	Post-Graduate	1.022	0.033
12^{th}	Graduate	0.162	0.339
12^{th}	Post-Graduate	1.251	0.070
Graduate	Post-Graduate	1.088	0.680
Overall Significance Between the groups			0.011
F Statistics			1.897

Table 6.15 illustrated that mean responses of all customers (having different qualification) was higher than the expected score of 2.5. In addition, majority of customers were positively consented to the tangible services, reliability, responsiveness, assurance and empathy of their respective bank. Further, table 6.16 depicted the output of the one-way ANOVA analysis which scrutinized the statistically significant difference between the different group means with respect to the education level of customers. It can be seen that the p-value was 0.011 which was below the significance level of 0.05. Therefore, there was statistically significant difference in the services expected by the customers. The difference between the specific groups was also found through multiple comparisons with the help of post-hoc tests.

From the results it was revealed that there were significant differences between the groups as a whole. Table 6.16 depicted that there was significant difference in service expected between the groups such as 'Below 10^{th}' & 'Graduate' (p=0.009), 'Below 10^{th}' & 'Post-Graduate' (p=0.034), 'Matriculation' & 'Graduate' (p=0.021), and 'Matriculation' & 'Post-Graduate' (p=0.033). This means that these specific groups expect diverse services from their banks.

6.5.6 Frequency of visiting bank and overall service quality

In table 6.17 and 6.18 depicted the results of frequency of visiting bank and the overall service quality expectation of customers.

Table 6.17 revealed the mean responses of customers for overall service quality in commercial banks of Punjab whereas table 6.18 illustrated the mean difference in expectation of customers with respect to their frequency of visiting their banks. Out of 325 customers 124 fall under the category of following the statement 'Agree' which indicated that customers expect good quality of service from their service provider.

Table 6.17: Frequency of Visiting Bank & Overall Service Quality

Frequency of visiting Bank		Scale					Mean	Index* 0-100
		1	2	3	4	5		
Weekly	Count	2	7	17	21	15	3.64	72.8
	%	3.2%	11.3%	27.4%	33.9%	24.2%		
Monthly	Count	5	15	28	59	44	3.81	76.2
	%	3.3%	9.9%	18.5%	39.1%	29.1%		
Other	Count	7	10	17	44	34	3.78	75.6
	%	6.25%	8.9%	15.2%	39.3%	30.4%		

Note: 1) Response were obtained on a five point likert scale with '1' standing for Strongly Disagree, '2' for Disagree, '3' for Neutral, '4' for Agree and '5' for Strongly Agree.

2) * To increase the sensitivity of measure, the mean was indexed in a more meaningful way. The mean score was divided by maximum possible score 5 and (Strongly Agree) and multiplied by 100. Thus, an index was created that varies from 0 to 100.

Table 6.18: One-Way analysis of variance (ANOVA) of Frequency of visiting banks for overall service quality

Frequency of visiting banks		Customers' Expectation	
		Mean Difference	Significance
Weekly	Monthly	1.007	0.006
Weekly	Other	1.031	0.035
Monthly	Other	0.038	0.111
Overall Significance Between the groups			0.023
F Statistics			2.195

Further, table 6.18 depicted the output of the one-way ANOVA analysis which dissected the statistically significant difference between the different group means with respect to the frequency of their visiting the bank. The p-value was 0.023 which was less than the threshold of significance level of 0.05. The difference between the specific groups through multiple comparisons revealed that there was significant difference in customer expectation who visited 'Weekly' & 'Monthly' (p=0.006) and 'Weekly' & 'Other' (p=0.035). However, no significant difference was found in customers visiting 'Monthly' & 'Other' (p=0.111).

6.6 COMPARISON OF CUSTOMERS' EXPECTATION IN PUBLIC AND PRIVATE SECTOR BANKING SERVICES

t-Test was applied considering its main objective of comparing the customers' expectation towards the different attributes of service components in public-sector and private-sector banks. This tool is parametric statistical test used to compare the means of two independent groups and its test statistic is based on the variance of the two groups (Zimmerman & Zumbo, 2009). From the table 6.19, it is apparent that the service quality significantly differs between private-sector and public-sector banks in the following parameters:

i) Tangibility:

t-Test depicted that there was statistically significant difference among the attributes of tangibility in public-sector and private-sector banks of Punjab. Attributes of tangibility such as up-to date equipment (p=.000), physical facilities are visually appealing (p=.000), employees are well dressed & appear neat (p=.000) and materials associated with services are visually appealing (p=.000) had shown significant service gaps between the public-sector banks and private-sector banks. The mean values of all the attributes of tangibility of private-sector banks were quite high as compared to public-sector banks of Punjab. This illustrated that physical facilities provided by private-sector banks are more attractive and appealing. Even employees in private-sector banks are more impressive in their appearance. Hence, the banks' ambience and appearance of employees are more noticeable factors in private-sector banks.

ii) Reliability:

There was no statistically significant difference in the items of reliability between private-sector and public-sector banks. In addition, the mean values of all the attributes under the dimension reliability were quite identical in both sectors of banks. This might imply that customers expect dependability from both public-sector as well as private-sector banks and want the employees to perform their job accurately in order to gain the trust of their customers.

Table 6.19: Comparison of the Customers' Expectation of Public & Private Sector Banking Services

Dimensions	Items	MEAN		t-value	Sig.
		Public Sector Banks	Private Sector Banks		
TANGIBILITY	Up-to date equipment	4.02	4.44	-5.229	0.000
	Physical facilities visually appealing	4.02	4.43	-5.256	0.000
	Employees are well dressed and appear neat	4.02	4.50	-6.328	0.000
	Materials associated with service visually appealing	3.98	4.54	-7.237	0.000
RELIABILITY	Promises to do something by a certain time fulfilled	4.48	4.49	-0.210	0.834
	Sincere interest in solving customers' problems	4.45	4.47	-0.254	0.800
	Perform the right service at the first time	4.49	4.54	-0.794	0.428
	Provide the service at the time they promise to do so	4.51	4.58	-1.158	0.248
	Error free record	4.49	4.54	-0.806	0.421
RESPONSIVENESS	Banks tell customers exactly when services will be performed	3.69	4.30	-7.584	0.000
	Receive prompt services	3.66	4.30	-7.853	0.000
	Willing to help customers	3.78	4.30	-6.256	0.000
	Never be too busy to respond to customers' requests	4.41	4.22	2.487	0.013
ASSURANCE	Employee behavior instill confidence in customers	4.34	4.38	-0.567	0.571
	Feel safe in transactions	4.24	4.28	-0.482	0.630
	Employees are polite	4.27	4.26	0.155	0.877
	Employees have knowledge to answer customers' questions	4.41	4.32	1.290	0.198
EMPATHY	Individual attention to customers	4.15	4.50	-4.589	0.000
	Personal attention to customers	4.05	4.44	-5.078	0.000
	Understand the specific needs of their customers	4.49	4.73	-4.364	0.000
	The Bank has their customers' best interest at heart.	4.09	4.42	-4.307	0.000
	Convenient working hours	4.08	4.42	-4.621	0.000

iii) Responsiveness:

As far as responsiveness was concerned there was statistically significant difference in the service quality gap in all the attributes i.e. banks tell customers exactly when service will be performed (p=.000), customers receive prompt services (p=.000), bank is willing to help customers (p=.000) and banks are never too busy to respond their customers (p=.000). Also, the mean values of all the attributes of responsiveness were more in private-sector banks in comparison to public-sector banks of Punjab. This signified that customers of private-sector banks expect prompt services from their banks.

iv) Assurance:

There was no significant difference in the service gap in items of assurance. The mean of the items was almost same which implied that customers feel safe in dealing with their respective banks. Moreover, the employees of both private-sector and public-sector banks are more or less same in tackling their customers efficiently. They get adequate support from their bank to do their job well.

v) Empathy:

In case of empathy there was significant difference in all the attributes between the public-sector and private-sector banks. Attributes under the dimension empathy such as Individual attention to customers (p=.000), personal attention to customers (p=.000), understand the specific needs of customers (p=.001), bank has their customers' best interest at heart (p=.000) and convenient working hours (p=.000) were statistically significant. This illustrated that private-sectors banks are more caring as compared to their public-sector counterparts.

6.7 COMPARISON OF CUSTOMERS' EXPECTATION IN RURAL AND URBAN BRANCHES OF BANKING SERVICES

t- Test was also applied to compare the customers' expectation of service quality in rural and urban branches which were shown in table 6.20.

Table 6.20: Comparison of the Customers' Expectation of Rural & Urban Banking Services

Dimensions	Items	Mean		t-value	Sig.
		Rural Banks	Urban Banks		
TANGIBILITY	Up-to date equipment	4.12	4.27	-1.687	0.093
	Physical facilities visually appealing	4.23	4.21	0.208	0.835
	Employees are well dressed and appear neat	4.16	4.28	-1.424	0.156
	Materials associated with service visually appealing	4.21	4.26	-0.579	0.563
RELIABILITY	Promises to do something by a certain time fulfilled	4.46	4.50	-0.594	0.553
	Sincere interest in solving customers' problems	4.41	4.49	-1.119	0.265
	Perform the right service at the first time	4.55	4.50	0.842	0.401
	Provide the service at the time they promise to do so	4.56	4.53	0.608	0.544
	Error free record	4.48	4.54	-0.920	0.359
RESPONSIVENESS	Banks tell customers exactly when services will be performed	3.85	4.04	-1.954	0.051
	Receive prompt services	3.84	4.01	-1.793	0.075
	Willing to help customers	3.95	4.06	-1.183	0.238
	Never be too busy to respond to customers' requests	4.35	4.31	0.475	0.635
ASSURANCE	Employee behavior instill confidence in customers	4.30	4.38	-1.060	0.291
	Feel safe in transactions	4.21	4.29	-0.959	0.339
	Employees are polite	4.31	4.25	0.708	0.480
	Employees have knowledge to answer customers' questions	4.35	4.38	-0.434	0.664
EMPATHY	Individual attention to customers	4.33	4.31	0.223	0.824
	Personal attention to customers	4.19	4.25	-0.791	0.430
	Understand the specific needs of their customers	4.59	4.61	-0.222	0.825
	The Bank has their customers' best interest at heart.	4.23	4.25	-0.265	0.791
	Convenient working hours	4.24	4.24	-0.042	0.966

i) Tangibility:

t-test depicted that there was no significant difference in service quality between rural and urban branches of commercial banks. The mean values of all the attributes of tangibility of rural and urban branches were almost similar which illustrated that these banks are putting same efforts to make their ambience impressive.

ii) Reliability:

There was no statistically significant difference in attributes of reliability Furthermore, the mean values of rural branches of banks was more or less same as compared to urban branches. These depicted that according to customers' expectation, rural banks and urban bank branches were equally dependable.

iii) Responsiveness:

In responsiveness no attribute is statistically different in the service quality gap of rural and urban bank branches. These branches gave prompt services to their customers and even inform their customers about time taken by them to resolve their issues.

iv) Assurance:

From table 6.20, it was evident that there was no significant difference in the service gaps in items of assurance. The mean of items of assurance was identical which entailed that customers feel safe in dealing with their banks.

v) Empathy:

There was no significant difference in service quality gaps in attributes of empathy between rural and urban branches of commercial banks of Punjab. Empathy included individual attention to customers (p=.824), personal attention to customers (p=.430), understanding of specific need of customers (p=.825), customers' best interest at heart (p=.791) and convenient working hours (p=0.966).The mean values illustrated that rural as well as urban customers are experiencing good services in terms of empathy.

6.8 CORRELATION WHEEL ANALYSIS OF FACILITIES EXPERIENCED BY CUSTOMERS

In order to examine the outcomes of the data collected from the 60 customers (5 customers from each selected bank) of commercial banks of Punjab, correlation was used. For this purpose correlation wheel was generated as revealed in figure 6.3. Correlation wheel made it convenient to observe important relationships within text which were inter-correlated. Figure 6.3 helped in comprehending various significant concepts related to facilities provided by commercial banks to customers. Following results were drawn from correlation wheel:

- Banks provide different facilities like RTGS (Real Time Gross Settlements), NEFT (National Electronic Funds Transfer), ATMs (Automated Telling Machine), overdraft, internet banking, mobile banking etc. for the convenience of their customers.
- Customers can avail the facility of getting different kinds of loans such as home loan, car loan, personal loan etc. from their banks at low interest rates.
- Commercial banks have strong remittance system which transfers the cash funds from one place to another. Banks provide this service to the customers at very nominal charges.
- Banks deal with foreign currencies also and exchange foreign currencies with local currencies as per the requirement of customers. This helps the customers to settle down the dues in the international trade.
- Modern commercial banks are providing bank guarantee to their customers. This facility is availed by customers when they need to deposit certain funds governmental offices or courts for specific purpose. In such a case, bank can present itself as the guarantee for the customer, instead of depositing fund by customers.
- Banks have introduced different customer friendly services and other beneficial activities such as lockers for keeping their valuable documents and other material goods, help counters, customer care services etc. for public. Through these services, customers with the minimum knowledge to read and write become eligible to carry out banking transactions with the help of these officials.

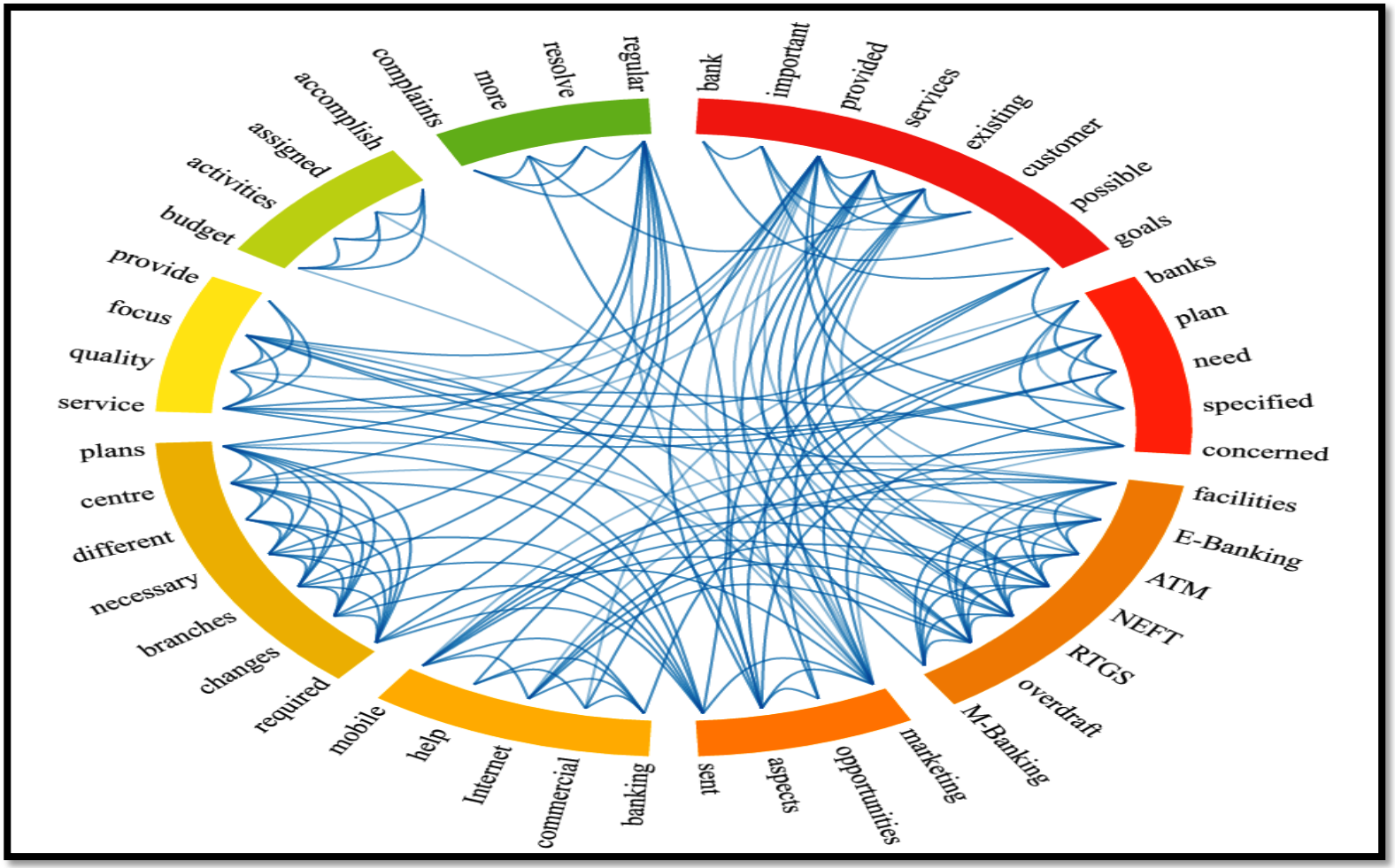

Fig 6.3: Correlation Wheel analysis of facilities experienced by customers

- Through the introduction of E-Banking and M-Banking (mobile banking) customers can execute any banking transaction by sitting in their homes with just a mouse click. Banks are coming up with new plans and policies to guard and promote the interests of their customers.
- Banks also offer a lot of other amenities to their customers like credit cards, debit cards, traveller's cheque and global ATM services etc. Nowadays, customers need not to carry liquid cash while travelling as it is very incommodious affair. Banks issue traveller's cheque to customers use traveller's cheque upon the request of their customers. Customers can even use global ATM services without any intricacy, anytime, anywhere provided that they are an ATM card holder.
- Banks also take feedback from their customers in order to improve the delivery of services. Banks value feedback of their customers as they assist them to be consistent, fair and impartial while handling the customers' issues.

6.9 MEAN SCORE OF SERVICE QUALITY CONSTRUCTS IN PUBLIC AND PRIVATE BANKS (MANAGERS' RESPONSE)

Mean responses of managers were calculated for each scale item to get the relevant information about the overall extent of service quality in commercial banks of Punjab. The analysis of these responses facilitates to comprehend the contribution of each scale item in overall service quality. The data from managers was collected on five point Likert scale. Those measures which have the actual mean score more than 3.00 were considered to be more incorporated while others were considered less incorporated.

The overall service quality score of selected banks was computed by summing up the overall scores of its components, viz., tangibility, reliability, responsiveness, assurance and empathy. As shown in table 6.21, mean score for the overall service quality was 98.70, which was significantly higher than the theoretically expected mean score of 66. The mean scores of service quality for the public sector banks & private sector banks were 94.54 and 102.86 respectively. The significant difference between the service quality of these two sectors (public and private) of banks was verified by using one-way analysis of variances (ANOVA).

Table 6.21: Mean Score of Service Quality & its Components in Public & Private Banks

Construct	Items	Theoretical Range	Expected Range	Actual Mean Score		Aggregate Score	Sig.
				Public Banks	Private Banks		
	T1	1-5	3	4.35	4.71		
TANGIBILITY	T2	1-5	3	4.37	4.67	18.14	.00
	T3	1-5	3	4.44	4.68		
	T4	1-5	3	4.39	4.68		
Overall Score		**4-20**	**12**	**17.55**	**18.74**		
	RE1	1-5	3	4.28	4.74		
	RE2	1-5	3	4.28	4.74		
RELIABILITY	RE3	1-5	3	4.23	4.78	22.54	.00
	RE4	1-5	3	4.25	4.77		
	RE5	1-5	3	4.24	4.77		
Overall Score		**5-25**	**15**	**21.28**	**23.80**		
	RS1	1-5	3	4.42	4.79		
RESPONSIVENESS	RS2	1-5	3	4.19	4.66	17.53	.00
	RS3	1-5	3	4.05	4.58		
	RS4	1-5	3	4.01	4.36		
Overall Score		**4-20**	**12**	**16.67**	**18.39**		
	A1	1-5	3	4.31	4.68		
ASSURANCE	A2	1-5	3	4.32	4.67	18.03	.00
	A3	1-5	3	4.37	4.69		
	A4	1-5	3	4.37	4.64		
Overall Score		**4-20**	**12**	**17.37**	**18.68**		
	EM1	1-5	3	4.31	4.66		
	EM2	1-5	3	4.34	4.65		
EMPATHY	EM3	1-5	3	4.34	4.65	22.46	.00
	EM4	1-5	3	4.32	4.64		
	EM5	1-5	3	4.36	4.65		
Overall Score		**5-25**	**15**	**21.67**	**23.25**		
Aggregate Score		**22-110**	**66**	**94.54**	**102.86**	**98.70**	

Notes: 1) Responses were obtained on 5-point Likert scale with 1 standing for 'strongly disagree', and 5 for 'strongly agree'.
2)The theoretically possible range has been determined by multiplying the lowest and highest responses by the number of items.
3) The 'F' values pertain to the one-way analysis of variance (ANOVA).

Component wise analysis along with mean scores of individual items was also calculated to understand the incorporation of each item in overall service quality of surveyed banks. The aggregate mean scores for tangibility, reliability, responsiveness, assurance and empathy were 18.14, 22.54, 17.53, 18.03 & 22.46 which were higher than their respective expected mean scores. Besides, there was highly significant difference in the mean component and individual scores between public sector and private sector banks. These results indicated that private sector banks are providing superior value to its customers than public sector banks.

Interpretation of responses

Responses on tangibility, reliability, responsiveness, assurance and empathy for public sector banks and private banks are summarized below:

a) Tangibility

Due to abstract nature of service quality, tangibility is considered as one of the important factors to measure quality in service. This component included modern equipment, visual attractiveness, physical appearance of employees and cleanliness in banks. These dimensions were taken into consideration by banks to make themselves different from others. The results of mean score of the statements of tangibility dimension were revealed in table 6.21. The actual mean score of private-sector banks was 18.74 and public-sector banks was 17.55 which were higher than the expected mean score of 12. These scores indicated that private sector banks were more service oriented in terms of tangibility in comparison to public sector banks. Private sector banks put more efforts to attract their customers through the tangible elements.

b) Reliability

Without reliability no organization can win the hearts of their customers because it is about accuracy and timeliness in the service provided. Reliability doesn't mean providing services only rather it consists of delivering required level of service quality. Table 6.21depicted the theoretical and actual mean score of reliability in private-sector and public-sector banks. Private-sector banks scored 23.80 score which was higher in comparison to score of 21.28 of public-sector banks. The

outcome depicted that private-sector banks seemed to be more reliable and have ability to perform the promised service dependably and accurately. Through this information, it can be said that commercial banks were sympathetic and reassuring when customers had problems.

c) Responsiveness

Service providers have to be proactive to give immediate response to their customers. This helps in retaining and maintaining the good relationship with customers. The outcomes of actual mean score in public sector banks and private sector banks are 16.67 & 18.39. These results suggest that as comparison to expected mean score of 12, both public sector banks and private sector banks have good score of responsiveness. But Analysis of one way ANOVA ensures that there is significant difference between the responsiveness of public sector banks and private sector banks. This signifies that private sector banks provide prompt services to their customers' requests in comparison to public sector banks.

d) Assurance

The assurance in SERVQUAL model means that employees have unique ability of maintaining the level of trust and confidence among customers. It is depicted in table 6.21; mean score of both the banks is higher than expected mean score. This verifies that efforts are being made by banks to utilize the skills of its personnel besides top managers are constantly evaluating business practices, procedures and service delivery mechanism to set high service standards. The employees are polite and get adequate support from their bank to do their jobs well. However, extent of assurance is significantly higher in private sector banks (18.68) than public sector banks (17.37).

e) Empathy

Empathy means understanding the emotions of customers who are receiving the services. It is a very sensitive and crucial dimension of SERVQUAL model because assessing the customer's behavior is an important to provide him desired service. The results of table 6.21 show that private-sector banks scored 23.25 and public sector banks scored 21.67, which revealed that employees of private sector bank

provide individual as well as personal attention to customers as compared to public sector banks. Private sector banks understand the value of providing the services in a manner which will be appreciated by customers.

6.9.1 Evaluation of extent of overall service quality in public and private banks

Graphical representation of extent of service quality in private sector banks and public sector banks has been shown in figure 6.4. In figure 6.4, X-axis describes the number of private and public sector banks where as Y-axis represents the aggregate mean score of service quality in both categories of bank.

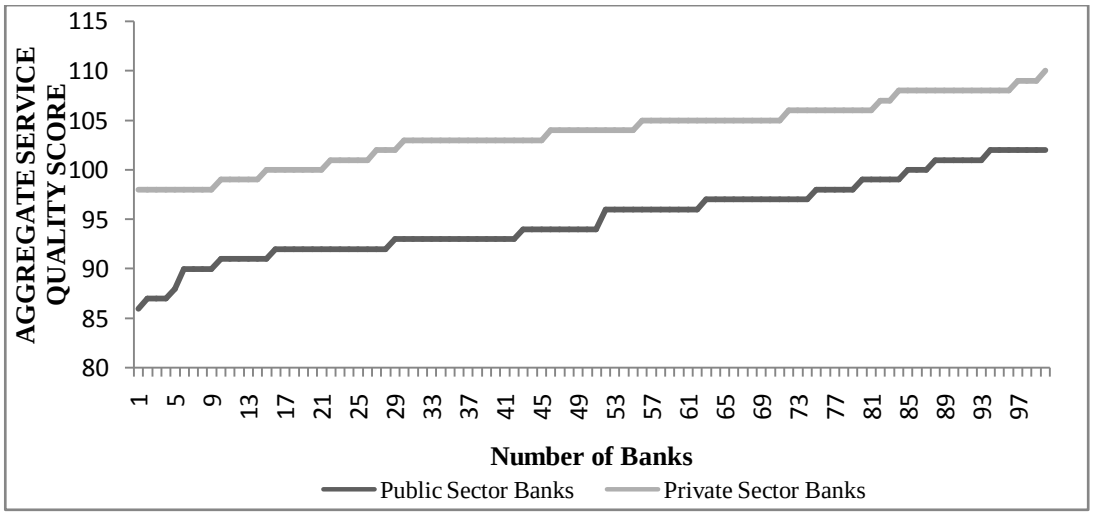

Figure 6.4: Extent of Service Quality in Public & Private Banks

The graphical representation of overall extent of service quality in commercial banks of Punjab has shown good service quality scores. The range of overall service quality for public sector banks was from 86 to 102 and private sector banks was from 98 to 108. Accordingly private sectors banks occupy the high position in terms of service quality as against their competitors (public sector banks). The private sector banks were more service oriented than public sector bank. However, the service quality of the public sector banks was also not that unsatisfactory since their actual mean scores of all the dimensions were above the expected mean scores.

The surveyed sample has shown that almost all commercial banks provide tangible elements to help their customers. The appearance of the physical facilities of the bank is in keeping with the type of services provided by them. Even their physical

facilities are visually appealing to the customers. They use up-to-date equipments to meet the customers demand and to offer superior service quality. They have arranged proper layout to facilitate the customers in every possible manner. They put signboards and display hoardings to aware them about the new services launched by them.

The outcomes have also shown that banks are sympathetic and reassuring when customers have problems. They try to solve their issues at the time they promise to do so. Moreover, they keep the customers' record accurately in order to use this data whenever needed. Through appropriate data of their customers, banks are able to provide desired services to their customers. They can even inform them (customers) about the services and facilities offered by banks.

The next dimension of SERVQUAL model is responsiveness. This component of service quality is very important because it tells about the actual service quality of the banks. Responsiveness means the prompt service to the customers from their service provider. The analysis reveals that nearly all the banks always willing to help customers. They inform their customers exactly when service will be performed to make them comfortable. This signifies that commercial banks of Punjab respond their customers as and when they require.

Along with responsiveness, assurance and empathy are quite essential to win the trust and faith of customers. Every employee get adequate support from the bank to do his jobs well and even they get proper training to deal with the customers. Employees have customer's best interests at heart and give individual attention to make them feel special. Banks keep the records of their customers' to provide the required level of service. All these factors collectively verified that commercial banks of Punjab are providing quality service to their customers as banks' service quality scores are above average. But private sector banks are more dynamic in regard to service quality as compared to public sector banks.

6.10 MEAN SCORE OF SERVICE QUALITY CONSTRUCTS IN RURAL AND URBAN BANKS (MANAGERS' RESPONSE)

Mean responses of managers on service quality scale were also differentiated on rural and urban branches of banks. As shown in table 6.22, dimension wise analysis

of service quality has indicated the contribution of these dimensions in overall extent of service quality in rural and urban branches of banks.

a) Tangibility

In table 6.22, actual mean score of urban banks (18.51) and rural bank branches (17.78) indicated that there is slight difference in the mean scores of service quality in these banks. But the one way analysis of variance (ANOVA) verified that there is no significant difference in service quality between rural and urban bank branches of Punjab. Both categories of banks are providing same tangible elements to rural and urban customers.

b) Reliability

Reliability is a second dimension of service quality which represents the ability of service provider to perform the promised service dependably and accurately. Mean scores of reliability for rural and urban banks are 22.25 and 22.83 respectively. The table 6.22 suggests that there is no significant difference between the reliability of rural and urban banks of Punjab. Both categories of banks provide their services at the time they promise to do so and keep their records accurately.

c) Responsiveness

The third component of SERVQUAL model is responsiveness which ensures the willingness of service providers to help customers and provide prompt service. From the table 6.22, it is analyzed that responsiveness in banks of different regions is almost same. In rural branches responsiveness score is 17.21 and it is 17.85 in urban branches of banks. Employees of rural and urban banks are motivated to help and provide timely services to customers.

d) Assurance

Parasuraman et.al (1990) defined assurance as "the knowledge and courtesy of employees and their ability to convey trust and confidence". Through table 6.22, it has been calculated that employees of commercial banks are polite and supportive to deal their customers. Rural banks scored 17.84 and urban banks scored 18.21 on assurance. The overall scores depict that the difference between the assurance of rural and urban branches of banks is not significant.

Table 6.22: Mean Score of Service Quality & its components in Rural & Urban Banks

Construct	Items	Theoretical Range	Expected Range	Actual Mean Score		Aggregate Score	Sig.
				Rural Banks	Urban Banks		
TANGIBILITY	T1	1-5	3	4.43	4.63	18.14	.28
	T2	1-5	3	4.42	4.62		
	T3	1-5	3	4.49	4.63		
	T4	1-5	3	4.44	4.63		
Overall Score		**4-20**	**12**	**17.78**	**18.51**		
RELIABILITY	RE1	1-5	3	4.46	4.56	22.54	.33
	RE2	1-5	3	4.44	4.58		
	RE3	1-5	3	4.43	4.58		
	RE4	1-5	3	4.45	4.57		
	RE5	1-5	3	4.47	4.54		
Overall Score		**5-25**	**15**	**22.25**	**22.83**		
RESPONSIVENESS	RS1	1-5	3	4.52	4.69	17.53	.21
	RS2	1-5	3	4.34	4.51		
	RS3	1-5	3	4.20	4.43		
	RS4	1-5	3	4.15	4.22		
Overall Score		**4-20**	**12**	**17.21**	**17.85**		
ASSURANCE	A1	1-5	3	4.42	4.57	18.03	.11
	A2	1-5	3	4.45	4.54		
	A3	1-5	3	4.51	4.55		
	A4	1-5	3	4.46	4.55		
Overall Score		**4-20**	**12**	**17.84**	**18.21**		
EMPATHY	EM1	1-5	3	4.38	4.59	22.46	.51
	EM2	1-5	3	4.40	4.59		
	EM3	1-5	3	4.40	4.59		
	EM4	1-5	3	4.37	4.59		
	EM5	1-5	3	4.40	4.61		
Overall Score		**5-25**	**15**	**21.95**	**22.97**		
Aggregate Score		**22-110**	**66**	**97.03**	**100.37**	**98.70**	

Notes: 1) Responses were obtained on 5-point Likert scale with 1 standing for 'strongly disagree', and 5 for 'strongly agree'.
2) The theoretically possible range has been determined by multiplying the lowest and highest responses by the number of items.
3) The 'F' values pertain to the one-way analysis of variance (ANOVA).

e) Empathy

The provision of caring and individualized attention to customers is known as empathy. Mean score of empathy in rural bank branches is 21.95 whereas corresponding score of urban branches of banks is 22.97. Employees of these banks know the needs and preferences of their customers very well. Banks consider their every customer as a special one because it helps in increasing their customer base as compared to other competitors.

6.10.1 Evaluation of extent of overall service quality in rural and urban banks

Extent of service quality in the rural and urban banks has been representing through graphical representation. In figure 6.5, X-axis shows the number of rural and urban banks where as Y-axis describes the aggregate mean score of service quality in both categories of bank.

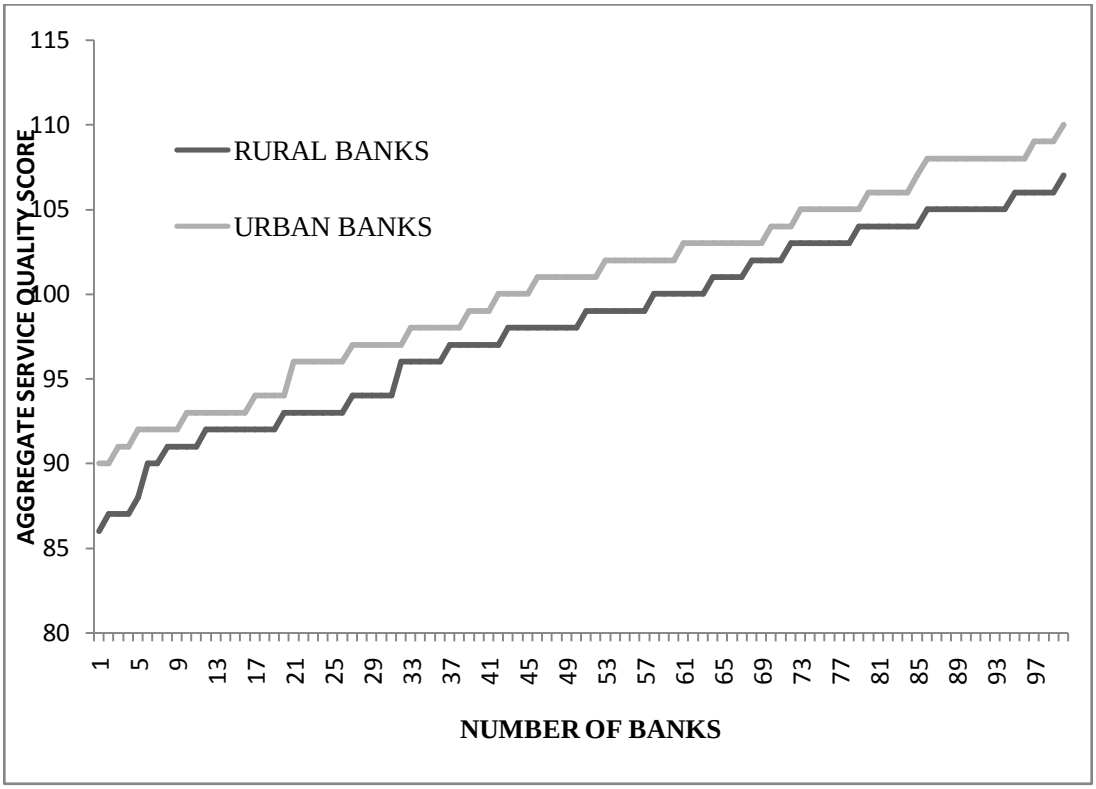

Figure 6.5: Extent of Service Quality in Rural & Urban Banks

Figure 6.5 represented the extent of service quality in rural and urban branches of commercial banks. It has been obvious from the graph that urban branches of commercial banks in Punjab are more directed towards the service quality as their

extent ranged from 90 to 110. The service quality scores range of rural bank branches was from 86 to 106). Both categories of banks have above average score for service quality and there is no significant difference between the extent of their service qualities (which is verified by one way analysis of variance). This means that these banks are providing almost same level of service quality to their customers. Employees of both categories of banks are putting their best efforts to make their customers comfortable. They are compassionate towards their clients and have customer's best interests at heart. Furthermore, these banks are also giving tough competition to each other in terms of delivery of service quality.

6.11 ANALYSIS OF MANAGERS' PERCEPTION MODEL OF SERVICE QUALITY

Confirmatory analysis has become one of the most widely used multivariate statistical methods in research applies across multitude domains. The primary intend of confirmatory analysis is to evaluate the number and nature of latent constructs and variables that influence the variation and co-variation among set of observed measures or indicators (Brown, 2015).CFA examines the structural validity of model during scale development. It helps in explaining the inter-correlation among the different factors by calculating factor loadings, unique variance, communalities and residuals.

Confirmatory factor analysis entails the relationships among indicators when other identification requirements are met by observed measures of different constructs in the model. The underlying assumption of CFA is that the observed association between any two loadings on the same factor is due to the shared influence of the latent dimension. But if any of the factors of latent construct is partialed out then that specific indicator does not have any inter-correlations with other indicators of the same construct.

6.11.1 Assessment of scale consistency of managers' perception model

The basic model of CFA called as Zero order confirmatory factor analysis was applied to assess the individual sub scales of managers' perception model of service quality. It is based on unstandardized estimates, such as standard errors and significance testing of individual parameters.

Table 6.23: Standardized Estimates of Service Quality Constructs of Managers' Perception Model

Indicator*	Tangibility	Reliability	Responsiveness	Assurance	Empathy
TAN1	0.96	- - -	- - -	- - -	- - -
TAN2	0.79	- - -	- - -	- - -	- - -
TAN3	0.56	- - -	- - -	- - -	- - -
TAN4	0.59	- - -	- - -	- - -	- - -
REL1	- - -	0.73	- - -	- - -	- - -
REL2	- - -	0.60	- - -	- - -	- - -
REL3	- - -	0.60	- - -	- - -	- - -
REL4	- - -	0.53	- - -	- - -	- - -
REL5	- - -	0.64	- - -	- - -	- - -
RES1	- - -	- - -	0.61	- - -	- - -
RES2	- - -	- - -	0.66	- - -	- - -
RES3	- - -	- - -	0.62	- - -	- - -
RES4	- - -	- - -	0.49	- - -	- - -
ASU1	- - -	- - -	- - -	0.83	- - -
ASU2	- - -	- - -	- - -	0.85	- - -
ASU3	- - -	- - -	- - -	0.70	- - -
ASU4	- - -	- - -	- - -	0.75	- - -
EMP1	- - -	- - -	- - -	- - -	0.87
EMP2	- - -	- - -	- - -	- - -	0.77
EMP3	- - -	- - -	- - -	- - -	0.60
EMP4	- - -	- - -	- - -	- - -	0.59
EMP5	- - -	- - -	- - -	- - -	0.51

** The detail of indicator for example TAN1 is available in Appendix A*

Confirmatory factor analysis is applied only when each construct consists of three or more indicator variables. The models which contain less than three indicator variables are considered to be under-identified and they do not give any unique solution. Zero order confirmatory factor analysis of each component of service is generated to understand the standardized estimates of each item of construct. The standardized estimates and factor loadings have helped to interpret the latent factors of model which are regressed onto different constructs.

Table 6.23, depict twenty two items of service quality scale, out these twenty two items, four were incorporated with tangibility, five with reliability, four with responsiveness, four with assurance and five with empathy. The overall scenario of the factor loadings in table 6.23 revealed that of all the twenty two indicator variables were more than thresholds of 0.5.

The model fit of zero order confirmatory factor analysis for tangibility was admissible. The fit indices for the model were significant as the value GFI (goodness of fit) was 0.998, AGFI (adjusted goodness of fit) was 0.991, CFI (comparative fit index) is 0.987, RMSEA (root mean square error approximation) is 0.00 and PCLOSE value is 0.801. These values clearly represented the scale consistency of items with their respective construct i.e. tangibility.

Further, zero order model for second construct of service quality scale i.e. reliability was developed to check its homogeneity. The reliability construct contained five indicators which demonstrated that it was over-identified and was used for developing the model as model with more than three indicators represent unique values. The model (Zero order confirmatory factor analysis of reliability) described the relationship of latent factors with its hypothesized parameter. The goodness of fit such as GFI and AGFI (Joreskog & Sorbom, 1981) were assesses to verify the significance of model. In table 6.23, standardized estimates or loadings of items were found to be more than 0.5. The values of model fit for reliability (GFI = 0.972, AGFI=0.917, CFI=0.959) were significant which explained the zero order confirmatory factor analysis model to be acceptable.

The model for third construct of service quality scale i.e. responsiveness was created. This model included four indicator variables and considered to be over-

identified for the analysis. The model described the nature of relationship between responsiveness (hypothesized parameter) and its indicators. GFI was used to indicate the explained variance and its value lies between zero and one. The GFI value for the responsiveness model was 0.986 which was found to be more than 0.9. In addition, there was no negative value in standardized estimates which indicated that all the items shared the common cause. Other fit indices such as AGFI, CFI, RMSEA and PCLOSE revealed that their values were more than their respective thresholds. Overall model fit and its indices were good and within the acceptable range.

Table 6.23, also revealed the zero order CFA of assurance. Like other zero order models, this model also revealed the relationship of indicators with their hypothesized construct (assurance).The values in table 6.23 indicated that each indicator of assurance was positively correlated; hence, all the indicators collectively explained the construct. The model fit measurement indices also shown that model was acceptable. Along with GFI, adjusted goodness of fit index was also calculated. The value of GFI (goodness of fit) was 0.994, AGFI (adjusted goodness of fit) was 0.944 and CFI (comparative fit index) was 0.997.

The fifth parameter of service quality was also assessed on same parameters as shown in table 6.23.The values of GFI, AGFI, CFI, RMSEA and P-CLOSE were 0.989, 0.966, 0.997, 0.030 and 0.574 respectively. The values of model fit outlined that zero order confirmatory factor analysis model was considerable. The factor loading of EMP1 (indicator variable of Empathy) was maximum among the other four indicators and was associated with 0.87 of standardized estimate. Squaring the factor loadings provided the approximation of the amount of the variance in the indicator accounted for by the latent variable. The squared value of factor loadings was 0.739, thus for the EMP1 the factor model estimated that 75.6% of its total variance whereas remaining 24.4% was unique variance (some combination of specific factor and measurement error variance).

6.11.2 Correlation among the constructs of managers' perception model

Table 6.24 illustrated the mean, standard deviation and factor loadings of all the items of the service quality scale for managers' perception.

Table 6.24: Mean & Standard Deviation of Managers' Perception Model of Service Quality

Service Quality Scale Statements	M	SD	Loading on Scale
Tangibility			
Up-to-date-equipment	4.53	.50	.97
Visually appealing physical facilities	4.52	.50	.79
Well dressed employees	4.56	.50	.55
Physical facilities related to educational services	4.53	.50	.59
Average	4.53	.50	
Reliability			
Keep promise	4.51	.50	.86
Sympathetic and reassuring	4.51	.50	.79
Dependable	4.50	.50	.88
Timely service	4.51	.50	.85
Accurate records	4.50	.50	.96
Average	4.51	.50	
Responsiveness			
Timely information	4.60	.49	.88
Prompt service	4.42	.50	.79
Employees are helpful	4.31	.81	.80
Employees respond quickly	4.18	.74	.55
Average	4.37	.63	
Assurance			
Trustworthy employees	4.49	.50	.86
Safety in transactions	4.49	.50	.82
Employees are polite	4.53	.50	.73
Employees support	4.50	.50	.72
Average	4.50	.50	
Empathy			
Individual attention	4.48	.50	.96
Personal attention	4.49	.50	.74
Know the needs of customers	4.49	.50	.73
Best interest at heart for customers	4.48	.50	.76
Convenient operating hours	4.50	.50	.70
Average	4.49	.50	

In table 6.24, high estimated factor loadings of all the items of service quality scale revealed that all the scale items were internally consistent and homogeneous. The average scores of tangibility (4 items), reliability (5 items), responsiveness (4 items), assurance (4 items) and empathy (5 items) were 4.53, 4.51, 4.37, 4.50 and 4.49 respectively whereas their corresponding standard deviations were 0.50, 0.50, 0.63, 0.50 and 0.50. This means that public-sector and private-sector banks provide good service quality to their customers.

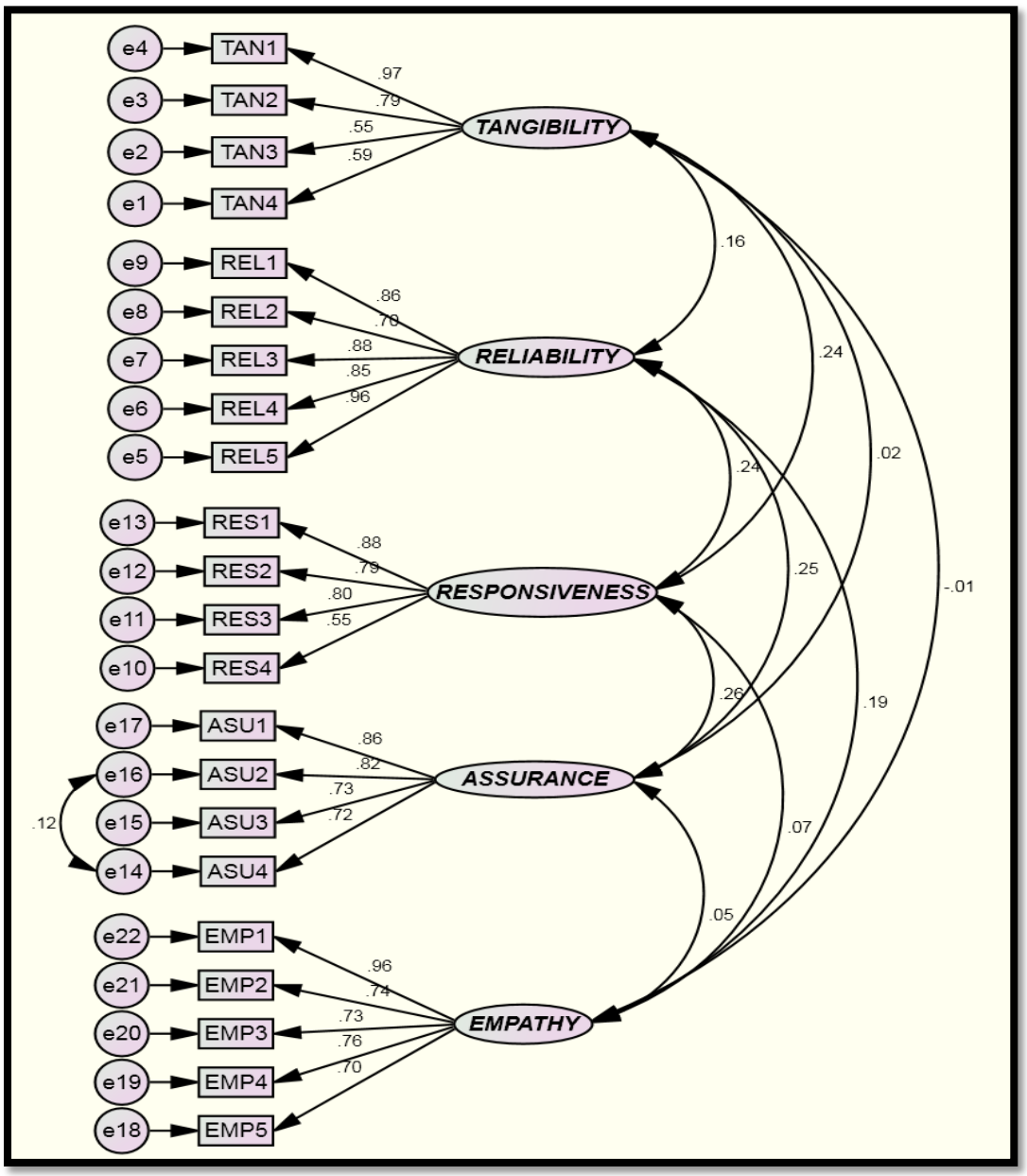

Figure 6.6: Correlation among the constructs of managers' perception model

Table 6.25: Scale Correlations

Factor Inter-correlations	I	II	III	IV	V
Tangibility	----				
Reliability	0.16	----			
Responsiveness	0.24	0.24	----		
Assurance	0.02	0.25	0.26	----	
Empathy	-0.01	0.19	0.07	0.05	----

First order of confirmatory factor analysis was applied to find out the correlation among the five constructs. It described the individual factors and clarified the extent of relationship among the different constructs. Confirmatory factor analysis was performed by using AMOS 18 (Arbuckle, 2003) and important fit indices such as GFI, AGFI and RMSEA were calculated. In present study, data on service quality was collected by 200 middle managers of private-sector and public-sector banks of Punjab. In order to increase the usability of data, no missing value was used in analysis. The first order of confirmatory factor analysis represented the internal consistency among items belonged to same construct. The estimate loadings of all the indicators were more than 0.5 which revealed the significant relation between indicators and their respective constructs. The root mean square error approximation (RMSEA) was equal to 0.029 which was less than .08, the value of goodness of fit (GFI) was 0.906 and CFI was 0.987 which depicted that the model was above acceptable range of model fit.

Further table 6.6, showed the correlation of 0.26 between responsiveness and assurance followed by the correlation of 0.24 between responsiveness & tangibility and responsiveness & reliability. These score depicted these constructs of service quality are interrelated to each other and work together to provide good service quality to customers. Commercial banks of Punjab work on these factors to make themselves different from the others.

6.11.3 Dominant factor of service quality in managers' perception model

Path coefficients and their t-values obtained in the examination of dominant factor of service quality were presented in figure 6.7.

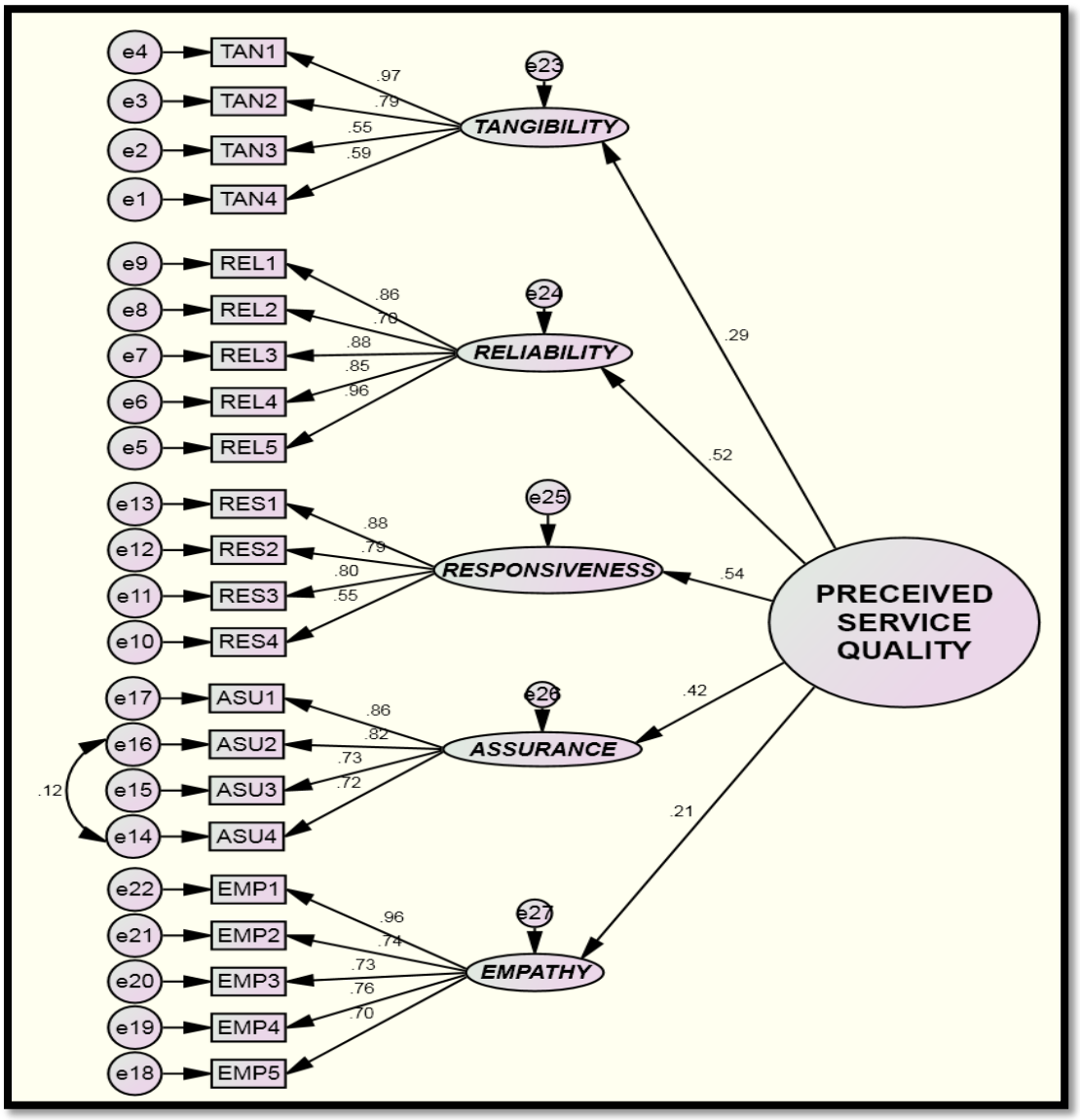

Figure 6.7: Dominant factor of Service Quality in managers' perception model

The model verified a good fit to the data (RMR = .015; CFI = .986, IFI = .986; RMSEA= 0.030; χ^2 = 238.816, p < .001; χ^2/df= 1.176). It has been analyzed that fit measures have shown moderately good values which depicted that model of dominant factor was admissible. The chi-square also exhibited that model was statistically significant. Figure 6.7 also represented the direct effect of tangibility, reliability, responsiveness, assurance and empathy on service quality.

Test of Direct Relationships

The value of Path coefficients reveal the significant impact of all the five constructs on overall service quality in commercial banks of Punjab. The results for first construct (tangibility) have shown the significant ($\beta = 0.29$, $p<0.01$) impact of tangibility on service quality. This depicts that visible facilities in commercial banks expand the dependability of customers. Tangibility constitutes of four expected variables such as appearance of physical facilities, latest equipments, employees' dress and appealing ability of physical facilities. This signifies that banks are putting hard efforts to make the physical facilities attractive for their customers.

Reliability has also shown the significant ($\beta = 0.52$, $p<0.01$) impact on service quality. This factor is related with gaining the faith of customers on bank operations. Managers believe that they provide timely service to their clients and likely to do safe transactions which are intended to error free records. The next component of service quality is responsiveness which is also significant ($\beta = 0.54$, $p<0.01$) and important for maintaining good service quality in banks. This means bank employees are always willing to respond and even send prompt services to their customers through e-mails and mobiles.

The other two factor of service quality are assurance ($\beta = 0.42$, $p<0.01$) and empathy (($\beta = 0.21$, $p<0.01$) which also have acceptable impact on service quality of banks. These two factors constitute that banks support their employees to do their jobs well. Managers conduct training sessions for their employees in order to teach them how to deal with customers. Employees also give individual as well as personal attention to customers to make them feel comfortable.

The regression weight of responsiveness is 0.54 which is followed by weight of reliability (0.52), assurance (0.42), tangibility (0.29) and empathy (0.21). These weights indicate according to managers, responsiveness has its maximum impact on the overall service quality of commercial banks. Nevertheless, other constructs are also desirable because all the dimensions of service quality are interdependent. Hence, managers try to focus on all these aspects to make their service delivery superior in order to compete with their rivals.

6.12 COMPARING OVERALL FIT OF PERCEPTION AND EXPECTATION MODEL

In order to have insight in the comparison between managers' perception and customers' expectation model, SEM is used. SEM helps in verifying the theoretical model developed by researcher. Average scale scores and reliability has been tested by using SPSS in both the models. Later, measurement and structural models has been developed to compare the extent of service quality in both the cases. These two models specified the difference in perception and expectation so that probable gap between the two can be determined easily. This comparison focuses on the gap in service quality in commercial banks of Punjab.

Table 6.26: Comparison of Perception and Expectation Model of Service Quality

Model Fit	Acceptable level	Perception	Expectation
χ^2	smaller, the better	238.816	406.255
χ^2 /df	<3	1.176	1.991
GFI	>0.9	0.904	0.901
AGFI	>0.9	0.881	0.877
RMSEA	<0.08	0.030	0.055
RMR	<0.5	0.015	0.026
TLI	>0.9	0.984	0.937
IFI	>0.9	0.986	0.955
CFI	>0.9	0.986	0.955
ECVI	smaller, the better	1.703	1.556
AIC	smaller, the better	338.816	504.255
BIC	smaller, the better	503.732	689.662

It is essential to calculate fit indices like chi-square, Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Root Mean Square Approximation (RMSEA), Comparative Fit Index (CFI), Incremental Fit Index (IFI), Tucker Lewis Index (TLI) to test the overall goodness of fit. Researches (Hair et al., 2010) have worked on the acceptable range of these model fit indices which are mentioned in table 6.26.

This study acknowledged the estimation of the several intellectuals like Steiger (1990), Kline (1998) & Bollen (1989) to demeanor the evaluation of overall model fit. When comparison between the non-nested competing models has been conducted another three information fit indices are also include such as Akaike Information Criterion (AIC), the Bayesian Information Criterion (BIC), and the Expected Cross-Validation Index (ECVI). To test the extent of service quality in commercial banks of Punjab, two competing models have been generated.

Table 6.26 demonstrates the comparison between manager's perception and customer's expectation model. Questions asked to both the samples were identical but models contain non nested structures. As first sample consists of top managers of twelve selected banks and second sample consists of their customers. The value of ECVI is smaller for expectation model of service quality whereas values of AIC and BIC is smaller for perception model. These two model sets have shown significant differences in these three indices. All the fit indices have met the requirements of goodness of fit. The value of GFI and AGFI exceeds 0.9 (threshold value). The value of RMSEA for both the model is less than 0.8 which means that they fall in acceptable range of model fit. χ^2 has shown huge difference and ΔCFI is more than 0.01 which signifies these two models are significantly different (Cheung & Rensvold, 2002).

Table 6.27: Invariance of Service Quality Model of Customers

Model	χ^2	Df	Δdf	P	CFI	RMSEA	p-close fit
Unconstrained	547.273	408	-	.000	.950	.033	.909
Measurement weights	548.092	425	17	.000	.943	.034	.922
Structural weights	599.333	429	4	.000	.939	.035	.901
Structural covariances	600.225	430	1	.000	0.939	0.35	0.987
Structural residuals	612.094	435	5	.000	0.936	0.36	0.962
Measurement residuals	707.423	457	22	.000	0.910	0.41	0.976

6.12.1 Cross validation

Model assessment is one of the most crucial issues in learning theory. Sometimes, it becomes difficult to generalize the performance of a model from the given set of data. So, standardized technique to resolve this problem is cross validation. Cross validation of given set of data helps to test the stability. Stability of model is distinct on terms of probability which has to be calculated for realistic applications. Data has been divided into two disjoint halves and then the results have been compared to test the stability of the model. It has been notified that it is essential to divide the data into disjoint subsets because common results of two data sets probably increase the stability of the model. Furthermore, unlike cross validation, both subsets are required to have almost same size as both data sets are used for running the algorithms.

For analyzing the data, χ^2differences is of no use for large samples therefore, other incremental indices are needed to check the stability of the model. The analysis of invariance includes factor loadings, co-variances and structural coefficient of model. If factor loadings, co-variances and structural coefficient show no variance then it specifies the stability of the model. The given data has been distributed randomly in SPSS 21 to get two sample groups. The original data consists of 325 respondents and then this data was fairly distributed to obtain two data sets. One subset contains

the sample of 160 (49.2%) respondents whereas other subset contains 165 (50.8%) respondents. Now, these two sets have been used to calculate the factor loadings and variances in the model to check the stability of the model.

Table 6.27 shows the result of invariance of two sample groups for customers' model. Firstly, the values factor loadings of two subsets of data were set as the same which is 17. Later, with each iteration 4, 1, 5, 22 factor loadings were added to the structural model respectively to increase the significance level of data. With the addition of variance and co-variances, the model has shown the improved values of model fit. The values of CFI (Comparative fit index), RMSEA (Root mean square error of approximation) and P-close have shown the significant values. Therefore, the given structural model is statistically significant as it does not show any variance.

Table 6.28: Invariance of Service Quality Model of Managers

Model	χ^2	**Df**	Δdf	**P**	**CFI**	**RMSEA**	**p-close fit**
Unconstrained	504.347	406	-	.001	.961	0.35	.996
Measurement weights	523.073	423	17	.001	.960	0.35	.997
Structural weights	525.471	427	4	.001	.961	0.34	.998
Structural covariances	526.442	428	1	.001	.961	0.34	.998
Structural residuals	529.878	433	5	.001	.961	0.34	.999
Measurement residuals	589.633	455	22	.000	.947	0.38	.987

Table 6.28 depicts the comparison of invariance of the two sample groups of manager's model. Firstly, CMIN was increased to 18.73 and the test results of P were .001 which shows the level of significance .05. Later, CMIN increased to 2.4 and the P value is 0.001 which has again reached to the level of significance. With the changing value of CMIN, P value has shown the significance model. Therefore, it symbolize that overall model is stable and there is no variance in the two data sets of the given set. The variances and covariance of these subsets have been set equally.

6.13 SERVICE QUALITY GAP

Various researchers have given different conceptual models for measuring service quality. However, the most influential model was the service quality model of Parasuraman et al. (1985) based on gap analysis. According to this model, SERVQUAL scale has been proposed by Parasuraman et al. (1988) for measuring Gap5 (between customers' perception and customers' expectation). But later on Shahin (2010) envisaged that application of SERVQUAL model could be extended to the analysis of other gaps also. So, different researchers (Dedeoglu & Demirer, 2015; Agarwal, Bhardwaj & Thakur, 2014; Shahin & Samea, 2010; Connor, 2003; Naidoo, Bhiwajee & Munhurrun, 2009; Daskalakis, 1999; Galloway, 1998; Pitt, 1992; Swartz & Brown, 1989) worked to close others gaps using SERVQUAL model and tried to provide more comprehensive model of service quality gaps.

The present study also tried to work on recommendation of these researchers and calculated GAP1 (between managers' perception about costumers' expectation and costumers' expectation). This section of the study explains the graphical representation of the service quality gap1 in commercial banks of Punjab. The gap was calculated on the basis of mean score of managers' perception and customers' expectation. This gap analysis will give the clear picture of the quality meant to the customers which would further help the banks to understand the area where they have to work to improve the level of service quality.

6.13.1 Service quality gap in public-sector banks

Table 6.29 presents the grand mean scores on the basis of the customers' expectation and managers' perception and gap for the five dimensions of service quality. The service quality gap scores clarify the service manager to comprehend current service quality and expectation of customers. This gap scores would also indicate the area of improvement for public-sector banks of Punjab.

Table 6.29: Service quality gap in public sector banks

Description of Items	Manager Mean Perception Scores		Customer Mean Expectation Scores		Gap Scores (E-P)		t-value	Sig.
	Mean	SD	Mean	SD	Mean	SD		
Tangibility	3.510	0.306	3.138	0.457	- 0.372	0.385	-5.56	.00
Reliability	4.332	0.365	4.256	0.421	- 0.076	0.390	-6.25	.00
Responsiveness	3.334	0.384	3.174	0.429	- 0.160	0.415	-5.23	.00
Assurance	3.474	0.311	3.304	0.408	-0.170	0,355	-6.94	.00
Empathy	4.334	0.381	3.938	0.531	- 0.396	0.445	-6.22	.00

Note:
1) Responses were obtained on a five point likert scale ranging from '1' standing for strongly disagree to '5' for strongly agree.
2) SD stands for Standard Deviation
3) A Gap mean is defined as difference of customers' expectation mean and managers' perception mean
4) A negative gap indicates that customers' expectation that banking service delivery did not meet the managers' perception
5) A positive gap indicates that customers' expectation that banking service delivery exceeded the managers' perception
6) Significant at $p < 0.05$.

The t-statistics was calculated to test the significance difference between customers' expectation and managers' perception. The gap scores of all the five dimensions of service quality were negative and statistically different at $p<0.05$which implies that managers' perception about customers' expectation and customers' expectation were not actually being met. The table 6.29 depicted that the gap score of empathy (-0.396) was highest among the other factors followed by tangibility (-0.372), assurance (-0.170), responsiveness (-0.160) and reliability (-0.076). This means that public-sector banks need to focus on empathy and tangibility more prominently while the gap scores of other factors could be used to prioritize system and processes of these banks.

6.13.2 Service quality gap in private-sector banks

Table 6.30 explains the service quality gap in private-sector banks of Punjab. This gap analysis will help private-sector banks to know about the areas where they need to work.

Table 6.30: Service quality gap in private sector banks

Description of Items	Manager Mean Perception Scores		Customer Mean Expectation Scores		Gap Scores (E-P)		t-value	Sig.
	Mean	SD	Mean	SD	Mean	SD		
Tangibility	3.748	0.284	3.622	0.424	-0.126	0.355	-6.56	.00
Reliability	4.760	0.357	4.670	0.358	-0.090	0.319	-6.62	.00
Responsiveness	3.678	0.371	3.672	0.396	-0.006	0.338	-5.34	.00
Assurance	3.736	0.312	3.592	0.376	-0.144	0.315	-6.14	.00
Empathy	4.650	0.382	4.650	0.477	-0.102	0.423	-6.11	.00

Note:
1) Responses were obtained on a five point likert scale ranging from '1' standing for strongly disagree to '5' for strongly agree.
2) SD stands for Standard Deviation
3) A Gap mean is defined as difference of customers' expectation mean and managers' perception mean
4) A negative gap indicates that customers' expectation that banking service delivery did not meet the managers' perception
5) A positive gap indicates that customers' expectation that banking service delivery exceeded the managers' perception (Significant at $p < 0.05$).

The t-value indicated the significance difference between customers' expectation and managers' perception in private-sector banks. The gap scores of all the five dimensions of service quality were negative and statistically different at $p<0.05$ except responsiveness. The results revealed that private-sector banks respond quickly and promptly according to their planned activities to compete against its counterparts. The gap scores of tangibility, reliability, assurance and empathy were also less than public-sector banks. Therefore, private-sector banks were rated high as compared to public-sector banks. It implied that private-sector banks service quality is better than the public sector banks.

6.13.3 Service quality gap in rural banks

Service quality gap in rural banks has also been discussed to study the expectation of customers dealing in rural banks of Punjab. It has been illustrated through t-statistics that all the gap scores were significantly different at p<.05. The gap score of tangibility was-0.172, reliability was-0.022, responsiveness was -0.234, assurance was-0.080 and empathy was-0.152. These scores indicated that expectation of customers and managers' perception were not being met in rural banks. These banks need to improve their service quality by minimizing the gap.

Table 6.31: Service quality gap in rural banks

Description of Items	Managers Mean Perception Scores		Customer Mean Expectation Scores		Gap Scores (E-P)		t-value	Sig.
	Mean	SD	Mean	SD	Mean	SD		
Tangibility	3.556	0.326	3.384	0.525	-0.172	0.325	-5.15	.00
Reliability	4.540	0.439	4.518	0.425	-0.022	0.363	-5.32	.00
Responsiveness	3.442	0.434	3.208	0.515	-0.234	0.318	-6.24	.00
Assurance	3.568	0.346	3.488	0.394	-0.080	0.372	-6.11	.00
Empathy	4.390	0.405	4.238	0.617	-0.152	0.414	-6.53	.00

Note:
1) Responses were obtained on a five point likert scale ranging from '1' standing for strongly disagree to '5' for strongly agree.
2) SD stands for Standard Deviation
3) A Gap mean is defined as difference of customers' expectation mean and managers' perception mean
4) A negative gap indicates that customers' expectation that banking service delivery did not meet the managers' perception
5) A positive gap indicates that customers' expectation that banking service delivery exceeded the managers' perception
6) Significant at $p < 0.05$.

6.13.4 Service quality gap in urban banks

The table focused on measuring the gap scores between the managers' perception and customers' expectation of service quality in urban branches of commercial banks in Punjab. It can be seen from the table 6.32 that was no significant difference in gap score of reliability which means that customers feel secured while dealing with these banks. But as far as empathy was concerned, the gap score of -0.332 was found which signified that customers wanted more individual as well as personal attention from the employees of their banks. The responsiveness in urban banks was also good as the gap score was statistically insignificant. It reflected that banks try to respond the customers in order to fulfill their needs which indicated that these banks were channelizing their efforts to perform their duties in best possible manner.

Table 6.32: Service quality gap in urban banks

Description of Items	Managers		Customers		Gap Scores (E-P)		t-value	Sig.
	Mean Perception Scores		Mean Expectation Scores					
	Mean	SD	Mean	SD	Mean	SD		
Tangibility	3.702	0.239	3.386	0.479	0.316	0.311	-6.16	.00
Reliability	4.566	0.433	4.490	0.424	-0.076	0.353	-6.22	.20
Responsiveness	3.570	0.384	3.44	0.447	-0.124	0.318	-5.54	.31
Assurance	3.642	0.325	3.414	0.436	-0.228	0.363	-6.74	.00
Empathy	4.594	0.394	4.262	0.561	-0.332	0.332	-5.05	.00

Note:
1) Responses were obtained on a five point likert scale ranging from '1' standing for strongly disagree to '5' for strongly agree.
2) SD stands for Standard Deviation
3) A Gap mean is defined as difference of customers' expectation mean and managers' perception mean
4) A negative gap indicates that customers' expectation that banking service delivery did not meet the managers' perception
5) A positive gap indicates that customers' expectation that banking service delivery exceeded the managers' perception
6) Significant at $p < 0.05$.

The results of the analysis shed light on the extent and gap of service quality in commercial banks of Punjab. The findings of this study regarding the gap analysis of service quality are in line with Connor (2003) and Daskalakis (1999). Banks in Punjab have been found to be service oriented to compete with their competitors in market. However, the extent of service quality is higher in private-sector banks as compared to public-sector banks of Punjab. It has also been depicted from the analysis that responsiveness plays an important and dominant role for managers' perception as well as for customers' expectation. The results of the study exactly comprehend with the outcomes of previous studies undertaken by Haque (2011) and Gautam & Singh (2014). This verifies that responsiveness is a significant factor to improve the overall service delivery of banks because customers measure the level of service quality by response time of their service provider. Further the results of qualitative approach of analysis indicate that commercial banks provide numerous facilities like RTGS (Real Time Gross Settlements), NEFT (National Electronic Funds Transfer), ATMs (Automated Telling Machine), overdraft, internet banking, mobile banking etc. for the convenience of the customers. Banks also put efforts to take the feedback of their customers to make these facilities more users friendly and convenient. In addition, the comparison of all the demographics for overall service quality experience of customers has also been carried out. The outcomes revealed that there is no significant difference in service quality expectation of customers of different genders but there is significant difference in expectation of customers from different age groups, income level, education level, occupation and frequency of visiting banks. These results are consistent with the outcomes and results of research carried by Irshad et al. (2013) Ong, Yeap & Ismail (2015) to find the impact of demographics on service quality and market orientation respectively.

Chapter – 7

FINDINGS, SUGGESTIONS AND CONCLUSION

7.1 MAJOR FINDINGS

Indian business environment has changed from traditional calm to impulsive one where market forces are highly unpredictable. This further means that market forces are getting strengthened and in such a volatile environment, marketing as well as services require a great commitment. It is only through implementation of the market oriented philosophy that organization would be able to develop the capability to generate superior value for customers and continue excellent market place against its competitors (Deshpande et al., 1993).

This study has been carried out to examine the extent of market orientation and the relationship between market orientation and service quality in commercial banks of Punjab. Even many researchers (Narver& Slater 1990; Ruekert 1992; Jaworski & Kohli, 1993) have proposed the assertion that the constructs of market orientation have clear and strong impact on service quality over a period of time across different industries. The results of present study have also authenticated the relationship of market orientation and service quality in banking sector of Punjab. Further, the findings have validated that extent of market orientation is quite high in banks of Punjab which in turn enables them to provide superior services to their customers.

The following sections of this chapter have been divided into different subsections to represent the findings and conclusions drawn from the aforesaid investigation of the study. On the basis of these findings some managerial implications have also been discussed. At the end, appropriate suggestions and directions for future research are also given.

7.1.1 Extent of market orientation in commercial banks of Punjab

The outcomes of the study revealed that the selected commercial banks of Punjab were noticeably market oriented. The aggregate scores of intelligence generation, intelligence dissemination and responsiveness for commercial banks were 26.11, 17.45 and 46.74 respectively where the theoretical range was from 21 to 105. These

scores were quite high as compared to expected mean scores of each construct. However, in terms of overall and dimension wise mean scores of market orientation, the public sector banks and private sector banks were significantly different from each other. It can be inferred that the process of implementing the concept of market orientation was not identical in these two sectors of commercial banks.

(a) Extent of market orientation in public and private sector banks:

Public and private sector banks compete with each other to gain their customer base. The actual mean scores of public sector banks for intelligence generation, dissemination and responsiveness were 24.36, 16.23 and 39.80 whereas for private sector banks these scores were 27.86, 18.67 and 45.34 respectively on a scale where the theoretical range was from 21 to 105. Although there wasa close competition between public-sector and private-sector banks, it has been found that the private-sector banks had greater market orientation than the public-sector banks.

The findings indicate that private sector banks do extensive research to gather information about their competitors, survey of customer preference and periodic review of changes in marketplace. Also, private sector banks disseminate adequate information to concerned departments about the customers in advance in order to get tuned with them. However, market intelligence may not be always disseminated by one department to the other and direction of information flow may be reversed depending upon where it is generated.

Further, the result of responsiveness of public-sector and private-sector banks revealed that response rate of both the banks was more than expected score of 33 on a scale where the theoretical range was from 11 to 55.But private sector banks plan their response more effectively to the changing trends of the marketplace as compared to public sector banks. Private sector banks call meetings and discussions frequently to plan and implement the actions as per the changing trends in market. Sometime, these banks keep on changing their strategies to combat against their competitors. In addition, private sector banks tries to resolve the customer complaints in short period to make them realize that every customer is equally important for them. These findings concur with previous research done by Verma &

Israney (2001) that extent of market orientation is significantly high in private-sector banks as compared to public sector banks.

(b) Extent of market orientation in rural and urban branches of banks

This study uses a component wise approach to examine the market orientation in rural and urban bank branches of Punjab. The findings of the study revealed that both rural and urban banks have above average scores of intelligence generation (rural banks = 25.59, urban banks = 26.63), intelligence dissemination (rural banks = 17.08, urban banks = 17.82) and responsiveness (rural banks = 46.11, urban banks = 47.38). Also, figure 4.2 depicted the extent of market orientation in surveyed rural and urban branches of public and private banks. It is obvious from the figure 4.2 that urban branches of commercial banks in Punjab were slightly more market oriented (ranging score from 76 to 101) as compared to their corresponding rural branches (ranging from 71 to 98). But outcomes depicted that the component wise difference between the two categories of banks was insignificant which was verified by using one way ANOVA. The F values signified that hypothesis $H_0$5 was accepted and there was no significant difference between the market orientation of rural and urban bank branches.

These results described that rural and urban bank branches are following same approach to implement the concept of market orientation. Rural and urban branches of banks gather proper information about the customers and even distribute that information to the concerned departments in the same manner. Both categories of banks are adequately market oriented and they plan their response according to prevailing conditions of market. Response planning and response implementation practices of rural bank as well as urban banks were found to be appropriate and identical.

7.1.2 Relationship between market orientation and service quality in commercial banks of Punjab

To compete efficiently in high tech environment banks try to gather, share and act on the market based information. In this study, structural model shown in fig 5.1 indicated the relationship between market orientation and service quality in

commercial banks of Punjab. Through Path coefficients and t-values of structural model ($\beta = 0.47$, $t= 6.736$, $p < 0.001$), it was found that market orientation has significant impact on service quality. This finding was consistent with the work of Wrenn et al. (1994) who discovered that market orientation is positively related and a decisive action for any service firm to give high quality service to their customers.

The path coefficient between market orientation and service quality was 0.47, which supported that there was positive effect of market orientation on service quality. Banks collect proper information about the customers and competitors in order to fulfill the demands of customers. This information is disseminated across departments to respond the customers according to their specified needs.

Further, table 5.3 summarized the regression coefficients, standard error of the coefficients, standardized beta coefficients (β), t-values, and p-values of the variables in each step of hierarchical regression analysis. The table depicted that out of bank name and category, only bank name ($\beta = .57$, $t = 9.83$, $p < .05$) had significant contribution in predicting overall service quality in commercial banks of Punjab. Outcomes of hierarchical regression also illustrated that intelligence generation ($\beta = 0.28$, $t = 3.43$, $p <0.01$), intelligence dissemination ($\beta =.26$, $t = 3.62$, $p <0.01$) and responsiveness ($\beta = 0.21$, $t = 2.64$, $p <0.01$) were significant predictors of overall service quality score, accounting for significant increase in the unique variance in overall service quality. In addition, it has been found that banks try to implement the concept of market orientation to improve their service quality. Even studies (Im & Workman, 2004; Wang, 2015) have shown that market orientation help in greater creativity and innovation in this modern era. Market orientation also leads to opportunity recognition through understanding the trends in market. Commercial banks of Punjab were found to be market oriented as they depend on market intelligence to frame their strategies.

7.1.3 Impact of dominant factor of market orientation on service quality

Competition between Public and private sector banks in Punjab is strong thereby more efforts are involved in fulfilling consumer wants and needs. In this study, path coefficients of three facets of market orientation have shown their significant impact on service quality. It has been found that fit measures have shown moderately good

values which depicted that structural model of dominant factor was admissible (RMR = .107; CFI = .901, IFI = .900; RMSEA= 0.57; χ^2 = 1270.81, p < .001; χ^2/df= 1.646).Figure 5.2 revealed the direct effect of intelligence generation, intelligence dissemination and responsiveness on service quality.

Results have shown that the path coefficients of intelligence generation (β = 0.33), intelligence dissemination (β = 0.32) and responsiveness (β = 0.46) with service quality. It has been found that intelligence generation includes internal as well as external research by banks to understand the customers' preferences and competitors' approach. A sound internal activity of an organization plays an essential role to deal with external environment. Internal environment consists of organizational culture, employee behavior and inter-functional coordination (Adsit et al., 1996) whereas external activities include competitive intensity and external environment (Langerak, 2003).

The regression weight of responsiveness was 0.46 which indicated that responsiveness has its dominant impact on service quality as against other two dimensions of market orientation. The beta coefficient specified that an increase of one unit of response level would increase service quality as much as 46%. The finding of this study are in line with Natalisa et al. (2008) who found that responsiveness served as a dominant factor to determine the level of service quality in organization. However, other constructs were still desirable to increase the service quality because without intelligence generation and intelligence dissemination, responsiveness cannot be effective. All the three factors of market orientation together influence the service quality; hence, banks need to focus on responsiveness predominantly along with intelligence generation and intelligence dissemination to provide best services to their customers.

The outcomes of study illustrated that banks also conduct customer survey at least once a year to examine their overall market status. They also review the likely effects of changes in the business environment to frame the strategies according to existing conditions of market. Bank employees deal customers politely, striving to get information. After acknowledging the customers' needs, every bank tries to disseminate valuable information to its different departments. As far as

responsiveness is concerned it deals with the response level of the bank towards the customers' needs, suggestions, complaints and grievances. Commercial banks follow market segmentation to develop and promote different types of products and services to serve different customer groups. This helped the banks to implement optimal response immediately if a major competitor launch a campaign targeted at their customers.

7.1.4 Qualitative Analysis of market orientation

In order to analyze the results of data collected from the interview of twenty four managers of twelve commercial banks of Punjab, correlation wheel was used. Correlation wheel was basically used to analyze the qualitative data because it helped to show the important relationships within the text which were highly correlated to each other. Following findings were drawn from the analysis of correlation wheel:

- Banks consider market orientation as an important feature because components of market orientation help to improve the service quality offered by commercial banks to their customers. Even banks try to provide customized services to their customers' as needs of every customer are different from the others.

- Banks call meetings for setting targets for their bank branches which help in the overall growth of bank. They also discuss important issues related to marketing plans, new strategies and new services launched by them.

- Commercial banks of Punjab follow prescribed procedure of handling customer complaints and grievances. This may take time but they try to resolve the problems in minimum possible time.

- Banks also arrange workshops and seminars for their employees to guide them about dealing customers. These activities equip employees to tackle the problems and complaints of their customers in a systematic way.

- Introduction of innovative technology have made easy for banks to access the customers' information. This is beneficial for customers as well because they don't need to give their information again and again.

- Branches of commercial banks are well equipped and their employees are well trained to convince the customers. Employees try to make the difference between the services provided by them and their competitors which help in increasing their customer base.

- As per the culture of Punjab, most of the customers of bank belong to villages. Most of these customers are unable to read and write, so, to cope up with these problems, banks have provided the facility of 'help counter' to assist these customers.

- Banks predominantly focus on the response level in order to provide the best services to their customers as compared to their competitors.

- Banks also scrutinize the facilities and services provided by them through feedback sessions. They even discuss issues regarding the service quality, customer complaints, competitive intensity, new product development, and alteration in existing services etc.

7.1.5 Extent of service quality in commercial banks of Punjab

Importance of service quality to customers has been recognized by many researchers (Kerridge, 2001; Hsu, 2009, Gounaris et.al, 2003). In this study, significance of service quality has been measured within banking sector of Punjab.

It has been found that private-sector banks were rated high as compared to public-sector banks in all the service quality dimensions. The actual mean scores of public-sector banks for tangibility, reliability, responsiveness, assurance and empathy were 17.55, 21.28, 16.67, 17.37, 21.67 whereas for private-sector banks these scores were 18.74, 23.80, 18.39, 18.68, 23.25 respectively. Through these dimension wise mean scores, it has been found that private sector banks were more service oriented as compared to public sector banks.

The overall extent of service quality had shown that range of overall service quality for public-sector banks was from 86 to 102 and private-sector banks was from 98 to 108. The findings depicted that private sectors banks occupied high position in terms of service quality as against their public-sector counterparts. The private-sector

banks were found more service oriented than public-sector banks, however, the service quality of the public-sector banks was also not that unsatisfactory since their actual mean scores of all the dimensions were above the expected mean scores.

The surveyed sample has shown that almost all commercial banks provide tangible elements to help their customers. The appearance of the physical facilities of the bank is in keeping with the type of services provided by them. Even their physical facilities are visually appealing to the customers. They use up-to-date equipments to meet the customers demand and to offer superior service quality. The outcomes depicted that banks are sympathetic and reassuring when customers have problems. They try to solve their issues at the time they promise to do so. The analysis revealed that banks help the customers in using different services comfortably.

In addition, employees have customer's best interests at heart and give individual attention to make them feel special. Banks keep the records of their customers' to provide the required level of service. Further, the result of responsiveness of public and private-sector banks revealed that response rate of both the banks was more than expected score of 33. But private-sector banks plan their response more effectively to the changing trends of the marketplace. Hence, private-sector banks were found to be more dynamic in regard to service quality as compared to public-sector banks.

The extent of service quality was found in rural and urban branches of commercial banks of Punjab. The dimension wise (tangibility, reliability, responsiveness, assurance and empathy) mean scores of rural branches were 17.78, 22.25, 17.21, 17.84, and 21.95and for urban branches these scores were 18.51, 22.83, 17.85, 18.21, and 22.97 respectively. These scores indicated that was little difference in the mean scores of service quality in these banks. Employees of both rural and urban banks were motivated to help and provide timely services to customers. They know the needs and preferences of their customers very well and consider their every customer as a special one because it helps in increasing their customer base as compared to other competitors. The efforts of both the banks for delivery of service quality were found to be identical and similar.

Figure 6.2 represented the extent of service quality in rural and urban branches of commercial banks. It was seen from the graph that urban branches of commercial

banks in Punjab were more directed towards the service quality as their extent ranged from 90 to 110 whereas service quality score ranged from 86 to 106 for rural bank branches. However, both categories of banks had above average score for service quality and there was no significant difference between the extent of their service qualities which was verified through one way analysis of variance. This signified that these banks provide almost same level of service quality to their customers. Employees of both categories of banks are putting their best efforts to make their customers comfortable. They are compassionate towards their clients and have customer's best interests at heart. Furthermore, these banks have given tough competition to each other in terms of delivery of service quality.

7.1.6 Qualitative analysis of facilities experienced by customers

In order to examine the outcomes of the data collected from the sixty customers (5 customers from each selected bank) of commercial banks of Punjab, correlation wheel was used. This analysis helped in comprehending various significant concepts related to facilities provided by commercial banks to customers through observing important relationships within text. Following findings were drawn from correlation wheel:

- Banks provide numerous facilities like RTGS (Real Time Gross Settlements), NEFT (National Electronic Funds Transfer), ATMs (Automated Telling Machine), overdraft, internet banking, mobile banking etc. for the convenience of their customers.

- Banks deal with foreign currencies also and exchange foreign currencies with local currencies as per the requirement of customers which help the customers to settle down the dues in the international trade.

- Commercial banks provide bank guarantee to their customers who avail it when they need to deposit certain funds governmental offices or courts for specific purpose.

- Banks have introduced help counters to facilitate the customers with the minimum knowledge to read and write. These customers can carry out banking transactions easily with the help of the officials and employees of banks.

- E-Banking and M-Banking (mobile banking) assist the customers to execute any banking transaction by sitting in their homes with just a mouse click.
- Banks offer credit cards, debit cards, traveler's cheque and global ATM services to customers. Customers need not to carry hard cash with as it is very incommodious affair. Customers can even use global ATM services without any intricacy, anytime, anywhere provided that they are an ATM card holder.
- Banks also take feedback from their customers in order to improve the delivery of services. Banks value feedback of their customers as they assist them to be consistent, fair and impartial while handling the customers' issues.

7.1.7 Gap in service quality of commercial banks of Punjab

According to Parasuraman et al. (1988), perceived service quality and expected service quality are two important aspects to measure the quality of service. Parasuraman et al. (1988) proposed SERVQUAL model which was widely used to measure the service quality gap. Earlier, it was mainly used for closing gap5 in GAP model but various researchers highlighted that application of this model could be extended to the analysis of other gaps also (Shahin & Samea, 2010). So, in present research GAP1 i.e. between managers' perception about costumers' expectation and costumers' expectation has been studied. Moreover, gap 1 was not studied earlier in the geographic region of this study. This evaluation gave the gap between these two aspects to explain the difference of service quality for managers and customers of banks.

Gap in service quality was analyzed through graphical representation of perceived and expected service quality in commercial banks of Punjab (fig. 6.8, fig. 6.9, fig. 6.10, fig. 6.11). The gap was intended on the foundation of mean score of managers' perception and customers' expectation of service quality of banks. This gap analysis gave comprehensible depiction of the quality expected by the customers of commercial banks. The gap was based on the evaluation of five parameters of service quality. It was clear from the outcomes that there was quite a less gap in responsiveness of private-sector banks which revealed that private-sector banks act proactively to the demands and needs of their customers. The gap in tangibility,

reliability, assurance and empathy were also less in private-sector banks as compared to public-sector banks. Therefore, private banks were seemed to be more service oriented than public banks.

As far as service quality gap in rural banks and urban banks was concerned, it was estimated that mean scores of service quality dimensions in rural and urban bank branches of selected commercial banks was almost same. The outcomes indicate that both rural and urban banks gather important information about their customers in order to provide required and customized services to them.

7.1.8 Dominant factor in managers' perception and customers' expectation model of service quality

The full measurement model of managers' perception and customers' expectation of service quality comprised of hypothesized relationships of five constructs with service quality as well as dominant factor among these dimensions. The value of path coefficients in both the models (managers' perception model and customers' expectation model) of service quality reveal the significant impact of all the five constructs (tangibility, reliability, responsiveness, assurance & empathy) on overall service quality in commercial banks of Punjab. This depicted that visible facilities in commercial banks expand the dependability of customers and try to give best services to their customers. Also, banks are likely to do safe transactions which are intended to error free records to retain long term relation with their customers.

The regression weight in managers' perception model (fig. 6.7) for responsiveness was 0.54which was followed by weight of reliability (0.52), assurance (0.42), tangibility (0.29) and empathy (0.21); whereas in customers' expectation model (fig 6.2), these regression weights were 0.85, 0.74, 0.73, 0.36 & 0.28 for responsiveness, empathy, tangibility, reliability &assurance respectively. These values projected that according to managers and customers, responsiveness was the dominant factor for effective service quality delivered by commercial banks of Punjab. Nevertheless, other constructs are also desirable because all the dimensions of service quality are interdependent. Hence, banks try to focus on all these aspects to make their service delivery superior in order to compete with their rivals.

7.1.9 Demographics and overall service quality

Overall service quality of selected banks was analyzed with respect to the demographics of their customers. From results it was found that t-test of equality of means was 0.409 (p=0.160) which indicated that there was no significant difference between the means of male and females in expecting the service quality. It revealed that banks do not do any gender biasness while delivering the services to their customers. On the basis of other demographics such as level of income education level, age group, occupation and frequency of visiting banks there was significant difference between the groups.

Results indicated that there was statistically significant difference at the $p<0.05$ level for overall service quality expectation of customers from different occupation [F (324) =3.207, p=0.029], income level [F (324) =2.832, p=0.015], education [F (324) = 1.897, p=0.011], age group [F (324) = 2.321, p=0.025] and frequency of visiting banks [F (324) = 2.195, p=0.023]. This signified that customers from diverse demographics have their own experience of services provided by their respective banks.

7.2 MANAGERIAL IMPLICATIONS

The study has various important managerial implications along with theoretical conclusions. The purpose of this study was to empirically examine the hypothesis regarding the relationship of market orientation and service quality. The outcomes and findings give direct proposition that market orientation is not mere philosophy but it is an important determinant of improving service quality. Thus, it emerges that managers should attempt to implement market orientation to enhance the level of its service quality. Managers of commercial banks must try to increase the banks' overall magnitude of market orientation and remain flexible to allocate the available resources according to the prevailing conditions of market.

Sometimes bank managers perceive the competitive environment as hostile, and they resort to compromise in providing the service quality to their customers. However, this approach can generate short term gains but it cannot guarantee long term survival and profitability whereas the source of competitive advantage for

commercial banks in Punjab lies in developing a strong market orientation. Strong market orientation enhances chances for long-term viability, short run profits increased with marketing efforts to increase customer base for commercial banks. But a strong market orientation does not occur by mere proclamation. To attain market orientation, commercial banks need to adopt a market based management philosophy. This means implementing a process of following the competitors' performance and customers' preferences. Only those banks can survive and grow which will try to comprehend market changes and are out in front leading to work according to the changes.

Managers should not consider the concept of market orientation as a mere business vogue that can generate immediate profits and benefits to their banks. In contrast, market orientation is a genuine approach which will be profitable only in the long run. This also signifies that managers and practitioners should not expect instant results, as implementation of market orientation needs time. Managers must focus on all the three aspects (intelligence generation, intelligence dissemination and responsiveness) of market orientation to put it into practice effectively and efficiently. Nevertheless, before implementing market orientation, top managers should first assess the extent to which it is important for their bank to be market oriented. The impetus for change must come from top managers who should exhibit their commitment to customers and a market orientation in speech as well as in their deeds. Top managers should seriously consider promoting a change-oriented attitude, supporting mixed department training programs to promote interdepartmental coordination.

The study is also very valuable for bankers for identifying their service quality levels in important components while providing different facilities such as granting loans, ATMs, internet banking, mobile banking etc. to their customers. Banks can lessen the service quality gaps and enhance service quality by gathering proper information about its customers and competitors. In addition, this work would guide the scholars who are working in this area and prove to be constructive for the policy makers. The study has also demarcated the factors that should be promoted or dampened to enhance the extent of market orientation and service quality in banks. If banks will

respond quickly then they will be able to survive in competitive market successfully. This means good responsiveness would enable the banks to attract more customers.

The findings of simultaneous group analysis showed that the demographics are also significant factor for overall service quality experience of customers. Among six demographic variables, age groups, income level, education level, occupation and frequency of visiting banks were found as crucial variables in the evaluation of bank services but there was no significant difference in service quality experience of customers of different genders. Therefore, banks should focus on the needs of particular demographic groups of customers.

Epitomizing, the results highlight that the market orientation leads to improve the service quality in commercial banks of Punjab. Thus, the managerial implications will help the managers to pay differential weighing to the different dimensions of market orientation in response to provide the specific services to their customers.

7.3 CONCLUSION

The study revealed that commercial banks of Punjab are noticeably market oriented as well as service-oriented. However, both public-sector banks and private-sector banks were significantly different from one another in terms of overall as well as dimension-wise mean scores of market orientation and service quality. It implies that the method of practicing the concept of market orientation and delivery of service quality were not same for selected public-sector and private-sector banks.

Firstly, the extent of market orientation has been measured in private-sector as well as in public-sector banks which entailed that both the banks implemented the market orientation differently to attract their existing and potential customers. It has also been depicted through analysis that private-sector banks were more market oriented as compared to public-sector banks. It is because private-sector banks had used their available resources optimally to gather the market intelligence which is further disseminated to plan the response.

Along with market orientation, valid and trustworthy model of service quality was also established to check the extent of service quality in these banks. The measurement of service quality in commercial banks indicated that private-sector

banks were more service oriented as compared to their public counterparts. Service quality consisted of five factors (tangibility, reliability, responsiveness, assurance and empathy) which play vital role for organization to provide good level of service quality to its customers. Among these five factors responsiveness has come out to be the most dominant factor of service quality which influences the customers' experience of service quality. But other four factors of service quality are also important because successful model of service quality cannot be possible without the contribution of other four factors. However, another similar research done by Al Tamini and Al Amiri (2003) suggested that empathy and tangibility were the most important dimensions of service quality where as Andaleeb & Conway (2006) proposed that responsiveness was superior factor over the other factors of service quality. These conclusions underscore suggestions for managers in banks to improve their delivery of service quality.

The outcomes also depicted that the relationship between service quality and market orientation was significant in commercial banks of Punjab. Also, quality in service can be achieved easily by implementation of market orientation because market orientation influence service quality to a great extent. Banks need to focus on three aspects of market orientation (intelligence generation, intelligence dissemination and responsiveness) to gain maximum advantage from it. Market orientation also helps the service provider to evaluate its strengths, weaknesses, threats and opportunities, hence, banks can opt for the best alternative provided in market to increase its business and profit. It has been found that the market orientation resolve the problems of banks by gathering the information about the market (customers and competitors). Further they disseminate the available information across different departments to provide them knowledge about the market then these departments respond according to the existing conditions of market. The findings elucidate that domain of market orientation helps to develop the successful model of service quality which further contributes to growth of banks.

Results concluded that market orientation works as input whereas service quality acts as output. The more extensive will be the market orientation better will be the service quality. Service quality cannot work internally or externally alone, therefore, it should be worked from both ends to provide maximum benefits to customers.

Banks make their internal system strong by educating and giving proper training to their employees and they also keep proper eye on their competitors to plan strategies for retaining their existing as well as potential customers.

Moreover, service quality enables the organization to measure both experience and perception which may further guide the organization to fill the gap between the two. However, responsiveness behaves as the dominant factor that has its impact on service quality but without other factors (intelligence generation and intelligence dissemination) it is not possible for banks to offer best services to their customers. So, through market orientation and service quality banks can maintain long term relationship with their customers to survive in highly competitive and turbulent market.

7.4 LIMITATIONS OF THE STUDY

Like most other studies, this study also owes some limitations such as research design, constraints of time and other resources. Thorough review of literature helped to integrate probable dimensions to measure the extent of market orientation yet understanding and finding may have been constrained by the vision of the researcher.

a) Sample:

This study includes middle level managers only for evaluating the extent of market orientation in commercial banks of Punjab which means the sample was not sufficiently heterogeneous. The limited heterogeneity in respondents could have affected the nature and extent of predictor variables. In fact, rather than involving only middle level manager, the involvement of different level of management can be proven more advantageous.

b) Biasness in responses:

This study includes the responses of managers as well as customers of selected commercial banks. Probably, it is possible that respondents would be biased in responding to the specific questions. It might be because of lack of interest and prejudice consideration of the questions.

c) Generalizability:

The other limitation of the study is with respect to the generalizability of the results as research design has focused on the extent of market orientation and service quality in commercial banks of Punjab only. Although the selected banks included in sample are operating all over India, yet, the results cannot be generalized to the whole universe of banking industry because the sample consists of only public-sector and private-sector banks.

7.5 DIRECTION FOR FUTURE RESEARCH

The present study logically necessitates further extension due to constraints like lack of time and resources available for completion. The results of this study advocate the interesting and significant relationships between market orientation and service quality. However, these results are necessarily limited in their generalizability. Future studies could increase the area of research by adopting the following aspects:

a) Expanding Sample of Industries:

The sample for present study was middle level managers and customers of commercial banks of Punjab. Therefore, the outcomes and results of the study would be used for banking sector of Punjab only. Future studies can explore whether the relationship found in this study exist in other industries across different geographies. The context specific research could help to examine unaccounted variables and valuable insights.

b) Longitudinal Research Design:

Longitudinal research design involves observations of the same variables over a period of time. It often facilitates to study the developmental trends which provide more insight into problem causation.Additional efforts and carefully conceived research could be helpful to examine if altenative causal relationships exist between the variables of intersest.

c) Improved Measures of Scale:

In this study, the standard scales were used to examine the relationship between market orientation and service quality. Future studies could adequately examine and measure the other scale items to improve validation of these scales. Improved scales would provide a better measure of the impact of hypothesized relationships.

REFERENCES

Adsit, J.D., London, M., Crom, S. & Jones, D., 1996, Relationships between employee attitudes, customer satisfaction and departmental performance. *Journal of Management Development,* vol. 15, no. 1, pp. 62-75.

Agarwal, S., Bhardwaj, G. & Thakur, K.S., 2014, Gap Analysis Between Customer Expectation & Employee Perception on Impact of Various Service Dimensions on Customer Satisfaction- A Study on Indian Call Centers. *IPASJ International Journal of Management,* vol. 2, pp. 27-41.

Agarwal, S., Erramilli, M. & Dev, C., 2003, Market Orientation and Performance in Service Firms: Role of Innovation. *The Journal of Service Marketing,* vol. 17, no. 1, pp. 68-82.

Aguilar, F.J., 1967, Relationships between employee attitudes, customer satisfaction and departmental performance. *Journal of Management Development*, vol.15, no. 1, pp. 62-75.

Aiken, L.S. & Stepghen G. W., 1991, *Multiple Regression: Testing and Interpreting Interactions*. Newbury Park, CA: Sage.

Alsughayir, A., 2016, Regulatory Role of TQM between the Marketing Orientation, Entrepreneurial Orientation and the Organizational Performance and Competitiveness.*American Journal of Industrial and Business Management,* vol. 6, pp. 655-664.

Al-Tamimi, H.A. & Al-Amiri, A., 2003, Analyzing service quality in the UAE Islamic banks.*Journal of Financial Service Marketing,* vol. 8, no. 2, pp. 119-32.

Altarifi, S.M., Aqel, I.S. & Al Tarawneh, K.A., 2016, The Impact of Market Orientation on Customer Satisfaction of Private Schools in Jordon. *International Journal of Business and Management,* vol. 11, no. 9, pp. 117-125.

Amin, M., Thurasamy, R., Aldakhil, A.M. &Kaswuri, A.H.B., 2016, The Effect of Market Orientation as a Mediating Variable in the Relationship between

Entrepreneurial Orientation and SME's Performance.*Nankai Business Review International*, vol. 7, no. 1, pp. 39-59

Andaleeb, S.S. & Conway, C., 2006, Customer satisfaction in the restaurant industry: An examination of the transaction-specific model. *Journal of Services Marketing*, vol. 20, no. 1, pp. 3-11.

Anderson, J.C. &Gerbing, D.W., 1988, Structural Equation Modeling in Practice A Review and Recommended Two-Step Approach. *Psychological Bulletin*, vol. 103, no. 3, pp. 411-423.

Arbuckle, J. L., 2003, AMOS 5.0. Chicago: SPSS.

Atuahene, G.K., 1996, Market Orientation and Innovation.*Journal of Business Research*, vol. 35, pp. 93-103.

Atuahene, G.K. &Ko, A., 2001, An empirical investigation of the effect of market orientation and entreneurship orientation alignment on product innovation. *Organization Science*, vol. 12, no. 3, pp. 54-74.

Atuahene, G. K., Slater, S. F. & Olson, E.M., 2005, The contingent value of responsive and proactive market orientations for new product program performance. *Journal of Product Innovation Management*, vol. 22, no. 6, pp. 464-82.

Avkiran, N.K., 1994, Developing an instrument to measure customer service quality in branch banking. *International Journal of Bank Marketing*, vol. 12, no. 6, pp. 10-18.

Avkiran, N.K., 1999, Quality customer service demands human contact. *International Journal of Bank Marketing*, vol. 17, no. 2, pp. 61-71.

Babakus, E. &Boller, G.W., 1992, "An Empirical Assessment of the SERVQUAL Scale", Journal of Business Research, Vol. 24, pp 253-268.

Bagozzi, R.P. & Phillips, L.W., 1982, Representing and testing organizational theories: a holistic construral, *Administrative Science Quarterly*, vol. 27, pp. 459-89.

Baker,W.E., & Sinkula, J.M., 1999, The Synergistic Effect of Market Orientation and Learning Orientation on Organizational Performance. *Journal of the Academy of Marketing Science*, vol. 27, no. 4, pp. 411-27.

Banerjee, N., 2012, A Comparative Study of Customers' Perceptions of Service Quality Dimensions between Public and Private Banks in India. *International Journal of Business Administration*, vol. 3, no. 5, pp. 33-44.

Barclay, D., Thompson, R. & Higgins, C., 1995, The Partial Least Squares (PLS) Approach to Causal Modeling: Personal Computer Adoption and Use an Illustration. *Technology Studies*, vol. 2, no. 2, pp. 285-309.

Barney, J.B., 1991, Firm resources and sustained competitive advantage. *Journal of Marketing*, vol. 17, pp. 99-120.

Bartol, M.K., 1979, Individual versus organizational predictors of job satisfaction and turnover among professionals. *Journal of Vocational Behavior*, vol. 15, pp.55–67.

Bearden, W.O., Netemeyer, R.G., & Teel, J.E., 1989, Measurement of Consumer Susceptibility to Interpersonal Influence.*Journal of Consumer Research*, vol. 15, no.4, pp. 473- 481.

Becherer, R., & Maurer, J., 1997, The moderating effect of environmental variables on the entrepreneurial and marketing orientation of entrepreneur-led firms. *Entrepreneurship Theory and Practice*, vol. 22, no. 1, pp. 47-58.

Berthon, P., Hulbert, J.M., & Pitt, L.F., 1999, To Serve or Create: Strategic Orientations toward Customers and Innovation. *California Management Review*, vol. 42, pp. 37-56.

Berry, L.L. &Parasuraman, A., 1983, Relationship marketing in Emerging Perspectives of Service Marketing.*American Marketing Association*, Chicago, IL, pp. 25-38.

Berry, L.L., Parasuraman, A. &Zeithaml, V.A., 1988, The Service-Quality Puzzle. *Business Horizons*, vol. 31, no. 5, pp. 35-43.

Berry, L.L., Zeithaml, V.A. &Parasuraman, A., 1990, Five imperatives for Improving Service Quality.*Sloan Management Review,* vol. 31, no. 4, pp 29-38.

Berry, L.L. &Parasuraman, A., 1993, Prescriptions for a service quality revolution in America.*Organizational Dynamics,* vol. 37, no. 4, pp. 5-15.

Berry, L.L., 1995, Relationship Marketing of Services - Growing Interest, Emerging Perspectives. *Journal of the Academy Marketing Science,* vol. 24, no. 4, pp. 236-245.

Bhuian, S.N., Menguc, B., & Bell, S.J., 2005, Just Entrepreneurial Enough: the Moderating Effect of Entrepreneurship on the Relationship between Market Orientation and Performance. *Journal of Business Research,* vol. 58, pp. 9-17.

Bleidorn, W., Kandler, C., Reimann, R., Spinath, F.M. &Angleitner, A, 2009, Patterns and sources of adult personality development: Growth curve analyses of the NEO-PI-R scales in a longitudinal twin study. *Journal of Personality and Social Psychology*, pp. 142–155.

Bollen, K.A., 1989, *Structural Equations with Latent Variables.* New York: John Wiley & Sons.

Boo, H.V., 2006, Linking a service-driven market orientation to service quality.*Managing Service Quality,* vol. 16, no. 6, pp. 595-619.

Boulding, W., Kalra, A., Staelin, R. &Zeithaml, V.A., 1993, A dynamic process model of service quality: From expectations to behavioral intentions. *Journal of Marketing Research,* vol. 30, pp. 7-27.

Bowen, D.E., Schneider, B. & Kim, S.S., 2000, Shaping Service Cultures through Strategic Human Resource Management, in Swartz T. A. &Iacobucci Dawn (eds), *Handbook of Service Marketing & Management*, pp. 439-71, Sage Publications.

Bozeman, B. & Coker, K., 1992, Assessing the effectiveness of technology transfer from US government R&D laboratories: the impact of market orientation. *Technovation,* vol. 12, no.4, pp. 239 – 255.

Brahmbhatt, M. &Panelia, D., 2008, An Assessment of Service Quality in Banks. *Global Management Review,* vol.2, no. 4, pp. 37-41.

Brown, T., Churchill, G. & Peter, J., 1993, Improving the Measurement of Service Quality.*Journal of Retailing,* vol. 69, no. 1, pp. 127-139.

Cadotte, E.R., Robert, B.W. & Roger L.J., 1987, Expectations Norms in Models of Consumer Satisfaction.*Journal o f Marketing Research,* vol.24, pp. 305-314.

Camarero, C., 2007, Relationship Orientation or Service Quality?: What is the Trigger of Performance in Financial and Insurance Services? *International Journal of Bank Marketing,* vol. 25, no. 6, pp. 406-426.

Campbell, D.T. & Fiske, D.W., 1959, *Convergent and Discriminant validation by the multi trait- multi method matrix,* Psychological Bulletin, vol. 56, no. 2, pp. 81-105.

Campbell, D.T., Stanley, J.C. & Gage, N. L., 1963, *Experimental and quasi-experimental designs for research.* Boston: Houghton Mifflin.

Carman, J.M., 1990, Consumer Perceptions of Service Quality: an Assessment of the SERVQUAL Dimensions. *Journal of Retailing,* vol. 66, no. 1, pp 33-55.

Carmines, E.G., & Zeller, R.A., 1979, *Reliability and validity assessment. Paper series on quantitative applications in the social sciences,* Beverly Hills, CA: Sage. pp. 107-17.

Caruana, A., Pitt, L. &Berthon, P., 1999, Excellence-market orientation link: Some consequences for service firms. *Journal of Business research,* vol. 44, pp. 5-15.

Chakrabarty, S., Whitten, D., & Green, K., 2007, Understanding service quality and relationship quality in outsourcing: Client orientation & promotion, project management effectiveness and the task-technology- structure fit. *The Journal of Computer Information System,* vol. 48, no. 2, pp. 1-15.

Chang, T.Z., & Chen S.J., 1998, Market orientation, service quality and business profitability: A conceptual model and empirical evidence.*Journal of Services Marketing,* vol. 12, no. 4, pp. 246-264.

Cheung, G.W. &Rensvold, R.B., 2002, Evaluating goodness-of-fit indexes for testing measurement invariance. *Structural Equation Modelling,* vol.9, pp. 233-255.

Christensen, C., 1997, *The Innovator's Dilemma.* Boston: Harvard Business School Press.

Churchill, G.A. Jr., 1979, A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research,* vol. 16, pp. 64-73.

Conduit, J., &Mavondo, F.T., 2001, How Critical is Internal Customer Orientation to Market Orientation?.*Journal of Business Research,* vol. 51, pp. 11-24.

Connor, L.D.R., 2003, Attitudes to Service Quality – The Expectation Gap. *Nutrition & Food Science,* vol. 33, pp. 165-172.

Connor, T., 1999, Customer-Led and Market-Oriented: A Matter of Balance. *Strategic Management Journal,* vol. 20, pp. 1157- 1163.

Cook, T.D., & Campbell, D.T., 1979, *Quasi-experimentation design & analysis issues for field settings.* Boston: Houghton Mifflin.

Cooper, R.G. &Kleinschmidt, E.J., 1995, Benchmarking the firm's critical success factors in new product development. *Journal of Product Innovation Management*, vol. 12, no. 5, pp. 374-391.

Costa L.S.V., 2006, 'The alignment between competitive and collaborative strategies as a way to influence the environment and improve the performance of companies', PhD thesis, University, Rio de Janeiro, RJ, Brazil.

Covin, J.G. &Slevin, D.P., 1986, The development and testing of an organizational-level entrepreneurship scale, in Ronstadt, R., Hornaday, J.A., Peterson, R., & Vesper, K.H.*Frontiers of entrepreneurship research,* pp. 628- 639. Wellesley, MA: Babson College.

Cronin, J.J., & Taylor, S.A., 1992, Measuring service quality: a re-examination and extension. *Journal of Marketing,* vol. 56, pp. 56-68.

Cronbach, L.J., &Meehl, P.E., 1955, *Construct validity in psychology tests*. Psychology Bulletin, vol. 52, pp. 281-302.

Crosby, B.P., 1979, *Quality Is Free: The Art Of Making Quality Certain*. New York: American Library.

Crosby, P.B., 1984, *Quality without tears: The art of hassle-free management.* New York: McGraw-Hill.

Crosby, L.A., & Stephens, N., 1987, Effects of relationship marketing on satisfaction, retention, and prices in the life insurance industry.*Journal of Marketing Research,* vol. 24, no. 4, pp. 404-411.

Dalgic, T., 2000, Market Orientation and Its Implementation. in Blois, K. (ed.) *The Oxford Textbook of Marketing,* Oxford University Press: 20-37.

Daskalakis, H.I.G., 1999, Measuring Quality Gaps in Hotels: The Case of Crete. *International Journal of Contemporary Hospitality Management*, vol. 11, pp. 24-30.

Davis, D., Morris, M., & Allen, J., 1991, Perceived Environmental Turbulence and Its Effect on Selected Entrepreneurship, Marketing, and Organizational Characteristics in Industrial Firms." *Journal of the Academy of Marketing Science.* vol. 19, pp. 43-51.

Day, G.S., 1994, The capabilities of market driven organizations. *Journal of Marketing,* vol. 58, pp. 37-52.

Dedeoglu, B.B. & Demirer, H., 2015, Differences in Service Quality Perceptions of Stakeholders in the Hotel Industry. *International Journal of Contemporary Hospitality Management*, vol. 27, pp. 130-146.

Derozier, C., 2003, Marketing Creativity in New Product Development: The Role of Market Orientation, Technology Orientation, and Interfunctional Coordination. *Ph.D Thesis,*Texas, Texas Tech University.

Deshpande, R., Farley, J.U & Webster, F.E., 1993, Corporate Culture, customer orientation, and innovativeness in Japanese firms: A Quadrad analysis. *Journal of Marketing,* vol. 57, no. 1, pp. 23-37.

Deshpande, R., & Farley, J.U., 1998, Measuring market orientation: generalization and synthesis. *Journal of Market Focused Management,* vol. 2, pp. 231-32.

Deshpande, R., (Ed.) 1999, *Developing a Market Orientation.*Sage Publication, Thousand Oaks C.A.

Dewan, M. & Mahajan, S., 2014, A Study of the Perceived Service Quality and its Dimensions in Private Sector Banks. *IOSR Journal of Business and Management*, vol. 16, no. 2, pp. 44-51.

Diamantopoulos, A., & Hart, S., 1993, Linking Market Orientation and Company Performance: Preliminary Evidence on Kohli and Jaworski's Framework. *Journal of Strategic Marketing*, vol. 1, no. 2, pp. 93–121.

Dobre, O.I., 2013, Employee Motivation & Organizational Performance. Review of Applied Socio – Economic Research, vol. 5, no. 1, pp. 53 – 60.

Dotchin, J.A., & Oakland, J.S., 1994, Total quality management in services, understanding and classifying services, *International Journal of Quality and Reliability Management*, vol. 11, no. 3, pp 9-26.

Doyle, P., Saunders, J. & Wong, V., 1992, Competition in Global Markets: A Case Study of American & Japanese Competition in the British Market. Journal of International Business Studies, pp. 419 - 442.

Doyle, P., 1995, Marketing in the New Millennium. *European Journal of Marketing*, vol. 29, no. 13.pp 23 – 41.

Drucker, P.F., 1954, *The Practice of Management*. New York: Harper and Row Publishers.

Drucker, P.F., 1968, *The Practice of Management, Harper and Rowe*, New York: Harper and Row Publishers, pp. 54.

Egede, E.A., & Emmanuel, A.A., 2013, Firm Market Orientation & its Effect on Customer Service Quality Perceptions & Employee Commitment in Service Orientation. European Journal of Business & Management, vol. 5, no. 24, pp.87 – 97.

Eigleir, P. &Langeard, E., (eds.), 1987, Servuction, The Marketing Services: McGraw Hill.

Ellis, P.D., 2004, 'Dependence and diversity of markets: Effects on market orientation' paper presented at the Academy of International Business meeting in Stockholm, Sweden, 10-13th July.

Ellis, P.D., 2006. Market Orientation and performance: A meta-analysis and cross national comparisons. *Journal of Management Studies,* vol. 43, no. 5, pp. 1089-1107.

Evans, J.R., &Laskin, R.L., 1994, The relationship marketing process: a conceptualization and application. *Industrial Marketing Management,* vol. 23, pp. 39-452.

Farrell, M. A., 2000, Developing a Market Oriented Learning Organization. *Australian Journal of Management,* vol. 25, no. 2, pp. 201-222.

Felton, A.P., 1959, Making the marketing concept work. *Harvard Business Review,* vol. 37, pp. 55-65.

Financial Express, 2013, 26 March, pp. 52.

Fisk, T., 1994, Strategic Planning and Marketing, in Taylor, T.J. & Taylor, S.B. (eds), *The AUPHA Manual of Health Services Management*. Aspen Publishers, Gaithersburg, MD.

Fornell, C., &Larcker D.F., 1981, Evaluating Structural equation Models with Unobservable Variables and Measurement Error. *Journal of Marketing Research,* vol. 18, pp. 39-50.

Fornell, C., 1992, A national customer satisfaction barometer: the Swedish experience. *Journal of Marketing,* vol. 56, pp. 6-21.

Galloway, L., 1998, Quality Perceptions of Internal and External Customers: A Case Study in Educational Administration. *The TQM Magazine,* vol. 10, pp. 20-26.

Garson, G.D., 2001, *PA 765 Statnotes: An Online Textbook*. North Carolina State University, Raleigh, NC.

Gatignon, H., &Xuereb J.M., 1997, Strategic orientation of the firm and new product performance.*Journal of Marketing Research,* vol. 34, no. 1, pp. 77-90.

Gautam, S. & Singh, A., 2014, To Identify Service Quality Gaps in Banking Sector: A Comparative Study of Public Sector Banks and Foreign Banks. *Global Journal of Finance and Management,* vol. 6, no. 5, pp. 439-444.

George, W.R., 1990, Internal marketing and organizational behavior: A partnership in developing customer conscious employees at every level. *Journal of Business Research,* vol. 20, pp. 63-70.

Ghobadian, A., Speller, S., & Jones, M., 1994, Service quality concepts and models. *International Journal of Quality & Reliability Management,* vol. 11, no. 9, pp.43-66.

Gill, H. & Arora, S., 2013, Study of Customer Satisfaction: A Comparison of Public and Private Banks. *Pacific Business Review International,* vol. 6, no. 6, pp. 74-79.

Ginzberg, M.J., 1981, Early Diagnosis of MIS Implementation Failure: Promising Results and Unanswered Questions. *Management Science,* vol. 27, no. 4, pp.459-478.

Golden, P.A., Doney, P.M., Johnson, D.M. & Smith, J.R., 1995, The Dynamics of a Market Orientation in Transition Economies: A Study of Russian Firms. *Journal of International Marketing*, vol. 3, pp. 29-49.

Gounaris, S., Avlonitis, G., &Papastathopoulou, P., 2000, 'An exploratory study in the understanding of consumers' attitudes towards the Internet', *29th European Marketing Academy Conference,* Erasmus University, Rotterdam, Netherlands, May 23-26, 2000.

Gounaris, S., Stathakopoulos, V., &Athanassopoul, A.D., 2003, Antecedents to perceived service quality: An exploratory study in the banking industry. *The International Journal of Bank Marketing,* vol. 21, no. 4, pp. 168-180.

Gray, B., Matear, S., Boshoff, C. & Matheson, P., 1998, Developing a Better Measure of Market Orientation.*European Journal of Marketing,* vol. 32, no. 9, pp. 884-903.

Green, K.W., McGaughey, R., & Casey, K.M., 2007, The relation of market orientation and supply chain management. *Supply Chain Management: An International Journal,* vol. 12.

Greenley, G., 1995a, Market Orientation and Company Performance: Empirical Evidence from U K companies. *British Journal of Management,* vol. 6, no. 1, pp.1-13.

Griffin, A. & Hauser, J.R., 1992, Patterns of Communication among Marketing, Engineering, and Manufacturing: A Comparison between Two New Product Teams. *Management Science*, vol. 38, no. 3, pp. 360–373.

Griffin, A. & Hauser, J.R., 1996, Integrating R & D and marketing: a review and analysis of the literature. *Journal of Product Innovation Management*, vol. 13, no. 3, pp. 191-215.

Gronroos, C., 1983, Strategic management and marketing in the service sector. *Marketing Science Institute,* Boston, MA.

Gronroos, C., 1984, A service quality model and its marketing implications.*European Journal of Marketing*, vol. 18, no. 4, pp. 36-44.

Gronroos, C., 1989, Defining Marketing: A Market-Oriented Approach. *European Journal of Marketing*, vol. 23, no. 1, pp. 52–60.

Gronroos, C., 1990, Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. *Journal of Business Research,* vol. 20, no. 1, pp. 3-11.

Gummesson, E., 1987, Using Internal Marketing to create a new culture: The case of Ericsson Quality. *Journal of Business and Industrial Marketing*, vol. 2, no. 3, pp. 23-28.

Gummesson, E., 1998, Implementation requires a relationship marketing paradigm. *Academy of Marketing Science*, vol. 26, no. 3, pp. 242-49.

Guo, C., 2002, Market Orientation and Business Performance: A Framework for Service Organizations. European Journal of Marketing, Vol. 36, No. 9/10, pp. 1154-1163.

Hair, J.F., Anderson, R.E., Tatham, R.L. & Black, W.C., (eds.), 1998, *Multivariate data analysis*. Upper Saddle River, NJ, USA: Prentice Hall.

Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E., &Tatham, R.L., 2005, *Multivariate Data Analysis. Upper Saddle River*, nj: Pearson Prentice Hall

Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E., (ed.) 2010, Multivariate Data Analysis.Prentice Hall, Upper Saddle River, New Jersey.

Hall, R.H., 1968, Professionalization and Bureaucratization.*American Sociological review*, vol. 33, pp. 92-106.

Hamed, H., 2012, The Effect of Market Orientation on Service Innovation: A Study on the Information & Communication Technology (Ict) Sector in Jordan. International Journal of Humanities & Social Science. Vol. 2, no. 19, pp. 232-253.

Han, J.K., Namwoon, K., &Srivastava, R.K., 1998, Market Orientation and Organizational Performance: Is Innovation a missing link?.*Journal of Marketing*, vol. 62, no. 4, pp. 30-45.

Haque, I., 2011, Service Quality in Retail Banking – A Comparative Study between Public Sector Banks & Private Sector Banks. *International Journal of Management & Innovation*, vol. 3, no. 2, pp. 27-34.

Harris, L.C., & E. Ogbonna., 2001, Strategic Human Resource Management, MarketOrientation and Organizational Performance.*Journal of Business Research*, vol. 51, no. 2, pp. 157-166.

Hassim, A.A., Nizam, A., Talib, A. &Bakar, A.R.A., 2011, The Effects of Entrepreneurial Orientation on firm organizational Innovation and Market Orientation towards firm Business Performance.*International Conference on Sociality and Economics Development*, vol. 10, no. 2, pp. 280-284.

Hayashi, T. & Hays, R.D., 1987, A Microcomputer program for analysingmultitrait - multimethod matrices. *Behavior Research Methods, Instruments & Computers*, vol. 19, pp. 345 – 348.

Hawkins, D.I., Roger, J.B. & Coney K.A. (eds), 2001, Consumer Behaviour: Building Marketing Strategies, McGraw-Hill, U.S.A.

Hedberg, B., 1981, How Organizations Learn and Unlearn. *In Handbook of Organizational Design: Adapting Organizations to Their Enviroments,* ed. Paul C. Nystrom and William H. Starbuck, 3-27. New York: Oxford University Press.

Holmlund, M. &Kock, S., 1996, Relationship marketing: the importance of customer-perceived service quality in retail banking. *The Service Industries Journal,* vol. 16, no. 3, pp. 287-304.

Homburg, C. &Pflesser, C., 2000, A Multiple-Layer Model of Market- Oriented Organizational Culture: Measurement Issues and Performance Outcomes. *Journal of Marketing Research,* vol. 37, pp. 449-62.

Hooley, G., Fahy, J., Greenley, G., Beracs, J., Fonfara, K. &Snoj, B., 2003, Market Orientation in the Service Sector of the Transition Economies of Central Europe.*European Journal of Marketing,* vol. 37, no. 1, pp. 86-106.

Houston, F.S., 1986, The marketing concept: what it is and what it is not. *Journal of Marketing,* vol. 50, pp. 81-7.

Howard, J.A. &Sheth, J.N., 1969, *Theory of Buyer Behavior.* New York: John Wiley & Sons.

Hoyle, R.H., 1995,*The structural equation modeling approach*: Basic concepts and fundamental issues. In Structural equation modeling: Concepts, issues, and applications, R. H. Hoyle (editor). Thousand Oaks, CA: Sage Publications, Inc., pp. 1-15.

Hsu, A.C., 2009, 'The Relationship between Service Quality & Market Orientation: An Empirical Study in the Taiwan Advertising Industry', PhD thesis, H. Wayne Huizenga School of Business and Entrepreneurship, Nova Southeastern University.

Huck, S.W., 1991, True experimental design. *Journal of Experimental Education,* vol. 59, no. 2, pp. 193-196.

Hult, G.T.M. &Ketchen, D.J., 2001, Does market orientation matter? A test of the relationship between positional advantage and performance.*Strategic Management Journal,* vol. 22, pp. 899-906.

Hult, T., Hurley, R. & Knight, G., 2004, Innovativeness: its antecedents and impact on business performance. *Industrial Marketing Management,* vol. 33, pp. 429-38.

Hunt, S.D. & Morgan, R.M., 1995, The comparative advantage theory of competition.*Journal of marketing,* vol.59, pp. 1-15.

Hunt, S.D. &Lambe, C.J., 2000, Marketing's Contribution to Business Strategy: Market Orientation, Relationship Marketing and Resource-Advantage Theory. *International Journal of Management Reviews,* vol. 2, no. 1, pp. 17-43.

Hurley, R.F. &Hult, G.T.M., 1998, Innovation, market orientation, and organizational learning: An integration and empirical examination. *Journal of Marketing,* vol. 62, no. 31, pp 42-54.

Hussain, J., Shah, F.A. &Akhtar., C.S., 2016, Market Orientation and Organizational Performance in Small and Medium Sized Enterprises: A Conceptual Approach. *City University Research Journal,* vol. 6, no. 1, pp. 166-180.

Hutt, M.D., Reingen, P.H. &Ronchetto, J.R. 1988, Tracing Emergent Processes in Marketing Strategy Formulation. *Journal of Marketing,* vol. 52, no. 1, pp. 4–19.

Im, S. & Workman, J., 2004, Market orientation, creativity, and new product performance in high technology firms.*Journal of Marketing,* vol. 68, pp 32-114.

Irshad, R., Hashmi, M., Hassan, A., Zahid, T. & Hassan, S., 2013, Demographic Variables Impact on Service Climate & Overall Customer Perception about Service Quality: Evidence from the Health Care Industry. *World Applied Sciences Journal,* vol. 26, no. 6, pp. 737-743.

Jaccard, J., Turrisi, R., & Wan, C.K., 1990, *Interaction Effects in Multiple Regression.* Newbury Park, CA: SAGE Publications, Inc.

Javalgi, R.G., Martin, C.L. & Young, R.B., 2006, Marketing Research, Market Orientation & Customer Relationship Management: A Framework & Implications for Service Providers. *The Journal of Services Marketing,* vol. 20, no. 1, pp. 12-23.

Jaworski, B.J. &Kohli, A.K., 1993, Market Orientation: Antecedents and Consequences. *Journal of Marketing,* vol. 57, no. 3, pp. 53-70.

Jaworski, B.J. &Kohli, A.K., 1996, Market Orientation: Review, Refinement, and Roadmap. *Journal of Market-Focused Management,* vol. 1, no. 1, pp 119-135.

Jensen, B. &Harmsen, H., 2001, Implementation of success factors in new product development – the missing links? *European Journal of Innovation Management*, vol. 4, no. 1, pp. 37.

Joreskog, K.G. &Sorbom, D., 1981,*LISREL V: Analysis of Linear Structural Relationships by the Method of Maximum Likelihood*. Chicago: National Educational Resources, Inc.

Juran, J.M., (ed.), 1988, Juran's Quality Control Handbook, McGraw-Hill, New York, NY.

Katz, D. & Kahn, R.L. (ed.), 1978, The social psychology of organizations, New York: Wiley.

Kazakov, S., 2016, The Impact of Market Orientation Levels on Business Performance Results: The Case of the Service Industry in Russia. *Worldwide Hospitality and Tourism Theme,* vol. 8, no. 3, pp. 296-309.

Keelson, K.B., 2014, The Moderating Role of Organizational Capabilities and Internal Marketing in Market Orientation and Business Success. *Review of Business and Finance Studies,* vol. 5, no. 1, pp. 1-17.

Kennedy, K.N., Goolsby, J.R. &Arnould, E.J., 2003, Implementing a Customer Orientation: Extension of Theory and Application. *Journal of Marketing,* vol. 67, no. 4, pp. 67-81.

Kerridge. J., 2001, Market Orientation and Service Quality of Public Sector Sport and Recreation Providers: A Case Study Approach. *Ph.D thesis*.University of Middlesex.

Kline, R.B., 1998, Principles and Practice of Structural Equation Modeling. New York: Guilford Press

Kohli, A.K. &Jaworski, B.J., 1990, Market Orientation: The Construct, Research Propositions and Managerial Implications. *Journal of Marketing*, vol. 54, no. 2, pp. 1-18.

Kohli, A.K., Jaworski, B.J. & Kumar, A., 1993, MARKOR: A Measure of Market Orientation. *Journal of Marketing Research*, vol. 30, pp. 467-77.

Kotler, P. 1977, From sales obsession to marketing effectiveness. *Harvard Business Review*, vol. 55, pp. 67-75.

Kotler, P., 1998, Marketing Management, New Jersey: Prentice-Hall.

Krepapa, A., Berthon, P., Webb, D. & Pitt, L., 2003, An Analysis of Service Provider versus Customer Perceptions of Market Orientation and the Impact on Satisfaction. *European Journal of Marketing*, vol. 37, no. 1/2, pp. 197-218.

Krica, A.H., Jayachandran, S. & Bearden, W.O., 2005, Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of Marketing*, vol. 69, no. 2, pp. 24–41.

Kristensen, P.S., 1992, Flying prototypes: production departments' direct interaction with external customers. *International Journal of Food and Agribusiness Marketing*, vol. 4, no. 3, pp. 107-118.

Kwon, Y. & Hu, M.Y., 2000, Market orientation among small Korean exporters. *International Business Review*, vol. 9, pp. 61-75.

Langerak, F., 2001, Effect of market orientation on the behaviors of salespersons and purchasers, channel relationships, and performance of manufacturers. *International Journal of Research in Marketing*, vol. 18, pp. 231-34.

Langerak, F., 2003, The effect of market orientation on positional advantage and organizational performance. *Journal of Strategic Marketing*, vol. 11, no. 2, pp. 93-115.

Langerak, F., Hult, J.E. &Robben, H., 2004, The impact of market orientation, product advantage, and launch proficiency on new product performance and

organizational performance. *Journal of Product Innovation Management,* vol. 21, no. 2, pp. 79-94.

Lavidge, R. J., 1970, The growing responsibilities of marketing. *Journal of Marketing,* vol. 34, pp. 25-28.

Lawton, L. &Parasuraman, A., 1980, The impact of the marketing concept on new product planning. *Journal of Marketing,* vol. 44, pp. 19-25.

Levitt, T., 1960, Marketing Myopia.*Harvard Business Review,* vol. 38, pp. 24-47.

Levitt, T., 1969, *The Marketing Mode: Pathways to Corporate Growth*. McGraw-Hill: New York.

Lewis, B. R., 1989, Quality in the service sector: A review. *The International Journal of Bank Marketing,* vol. 7, no. 5, pp. 4-12.

Lin., Ching, T., Brown, G., 2010, Market Orientation and Performance Outcomes: Empirical Study of Travel Agencies in Taiwan. *Asia Pacific Journal of Tourism Research,* vol. 15, no. 1, pp. 79-94.

Lings, I.N. and Greenley, G.E. 2005, Measuring internal market orientation.*Journal of Service Research*, vol. 7, no. 3, pp. 290-305.

Liyun, Q., Keyi, W., Xiaoshu, W. &Fangfang, Z., 2008, Research on the relationship among market orientation, customer relationship management, customer knowledge management and business performance. *Management Science and Engineering*, vol. 2, no. 1, pp. 31-37.

Long, Z., Kara., A. &Spillan, J.E., 2016, Market Orientation and Firm Performance: An Empirical Analysis of Chinese IT Enterprises. *Global Business, Economics, Finance and Social Sciences: 6th Asia-Pacific Conference.* Bangkok-Thailand, February 18-20, 2016.

Lonial, S.C. &Raju, P.S., 2001, The Impact of Environmental Uncertainty on the Market Orientation – Performance Relationship: A Study of the Hospital Industry?.*Journal of Economic and Social Research,* vol. 3, no. 1, pp. 5-27.

Lukas, B.A. & Ferrell, O.C.J, 2000, The Effect o f Market Orientation on Product Innovation. *Journal of the Academy of Management Science,* vol. 28, no. 2, pp. 239-47.

Luo, X., Zhou, L. & Liu, S.S., 2005, Entrepreneurial firms in the context of China's transition economy: An integrative framework and empirical examination. *Journal of Business Research,* vol. 58, no. 3, pp. 277-284.

Lusch, R.F. &Laczniak, G.R., 1987, The Evolving Marketing Concept, Competitive Intensity and Organizational Performance. *Journal of the Academy of Marketing Science,* vol. 15, no. 3, pp. 1-11.

Macdonald, S., 1995, Too Close for Comfort?: The Strategic Implications of Getting Close to the Customer. *California Management Review,* vol. 37, no. 4, pp. 8-27.

Mahalakshmi,V., Saravanaraj, M.G. & Umarani, T.S., 2013, Customers' perception about value added services rendered by banks. *African Journal of Business Management,* vol. 7, no. 29, pp. 2845-2851.

Mahmoud, A.M., Blankson, C., Owusu-Frimpong, N., Nawankwo, S. &Trang, T.P., 2016, Market Orientation, Learning Orientation and Business Performance: The Mediating Role of Innovation. *International Journal of Bank Marketing,* Vol. 34, no. 5, pp. 623-648.

Malik, S.U., 2012, Customer Satisfaction, Perceived Service Quality & Mediating Role of Perceived Value.

Maltz, E. &Kohli, A.K., 1996, Market Intelligence Dissemination across Functional Boundaries. *Journal of Marketing Research,* vol. 33, pp. 47–61.

Maruyama, G.M., 1998, Basics of Structural Equation Modeling, Thousand Oak: Sage.

Maryam, S., Marzieh, T. &Marzieh, G., 2014, Relationship among market orientation, service quality and organizational performance from perspective of GonbadKavoos Telecommunication firm employees.*Advances in Applied Science Research,* vol. 5, no. 3, pp. 464-466.

Matear, S. & Garrett., 2004, Market Orientation, Brand investment, New Service Development, Market Position and Performance for Service Organizations. *International Journal of Service Management,* vol. 15, no. 3, pp. 284-301.

Matsuno, K. &Mentzer, J.T., 2000, The Effects of Strategy Type on the Market Orientation Performance Relationship. *Journal of Marketing,* vol. 64, no. 4, pp. 1-16.

Matsuno, K., Mentzer, J.T. &Ozsomer, A., 2002, The effect of entrepreneurial proclivity and market orientation on business performance. *Journal of Marketing,* vol. 66, no. 3, pp.18-32.

Mavondo, F.T., 1999, Market Orientation: Scale Invariance & Relationship to Generic Strategies across Two Countries. Journal of Market – Focused Management, vol. 4, no. 2, pp. 125 – 142.

McGrath, G.E., 2009, 'Internal market orientation as an antecedent to industrial service quality', PhD thesis, H. Wayne Huizenga School of Business and Entrepreneurship, Nova Southeastern University.

McNamara, C.P., 1972, The Present Status of the Marketing Concept. *Journal of Marketing,* vol. 36, pp. 50-57.

McDaniel, S.W. &Kolari, J.W. 1987, Marketing strategy implications of the Miles and Snow strategic typology. *Journal of Marketing,* vol. 51, no.4, pp. 19-30.

McGee, L.W. & Spiro, R.L., 1988, The Marketing Concept in Perspective. *Business Horizons,* vol. 31, no. 3, pp. 40-45.

Mengi, P., 2009, Customer Satisfaction with Service Quality: An Empirical Study of Public and Private Sector Banks. *The IUP Journal of Management Research,* vol. 8, no. 9, pp. 7-17.

Messick, S., 1995, Validity of Psychological Assessment.*American Psychologist,* vol. 50, pp. 741-749.

Meyer, J.P., Allen, N.J. & Smith, C.A., 1993, Commitment to Organizations and Occupations: Extension and Test of a Three-component Conceptualization. *Journal of Applied Psychology*, vol. 78, no. 4, pp. 538-551.

Miguel, E. S., Saizarbitoria, I.H. &Tari, J., 2016, TQM and Market Orientation in Care Home Services.*International Journal of Quality & Reliability Management*, vol. 33, no. 8, pp. 1076-1098.

Miller, D., & Friesen, P.H., 1982, Innovation in conservative and entrepreneurial firms: two models of strategic momentum. *Strategic Management Journal*, vol. 3, pp. 1-25.

Miller D., 1987, The structural and environmental correlates of business strategy. *Strategic Management Journal*, vol. 8, no. 1, pp. 55–76.

Miles, R.E. & Snow, C.C., 1978, Organizational strategy, structure and process, New York, McGraw-Hill.

Mokhtar, S., Yusoff, R. &Arshad, R., 2009, Market Orientation Critical Success Factors of Malaysian Manufacturers & its Impact on Financial Performance. International Journal of Marketing Studies, vol. 1, no. 1, pp. 77 - 84.

Mokhtar, S.S.M., Yusoff, R.Z. & Ahmad, A., 2014, Key elements of market orientation on Malaysian SMEs Performance.*International Journal of Business & Society*, vol. 15, no. 1, pp. 49-64.

Moller, K., 2006, The Marketing Mix revisited: Towards the 21st Century Marketing by E. Constantinides, *Journal of Marketing Management*, vol. 22, no. (3-4), pp. 439-450.

Muller, N.H.F., 2005, 'Innovation - oriented market: a study of the relationship between market orientation, innovation and performance', PhD thesis, Federal University of Rio Grande do Sul, Porto Alegre, RS, Brazil.

Naidoo, P., Bhiwajee, S.D.L. & Munhurrun, P.R., 2009, Hotel Managers' Perceptions of Service Quality: A Case Study. *Global Conference on Business and Finance Proceedings*, vol. 4, no. 2, pp. 23-30.

Narver, J. C. & Slater, S. F., 1990, The Effect of a Market Orientation on Business Profitability. *Journal of Marketing,* vol. 54, no. 4, pp. 20–35.

Narver J.C. & Slater, S.F., 1993, Market orientation and customer service: The implications for business performance. *European Advances in Consumer Research,* vol. 1, pp. 317-321.

Narver, J.C., Slater, S.F. &MacLachlan, D.L., 2004, Responsive and proactive market orientation and new product success.*Journal of Product Innovation Management,* vol. 21, no. 5, pp. 334-347.

Natalisa, D., Isnurhadi., Puspowarsito, H. & Saerang, D.P.E., 2008, 'The Effects of Market Orientation on the Service Quality of Private Banking Industry in Palembang', in 8th Global Conference on Business & Economics, Florence, Italy, October 18-19, 2008.

Nayebzadeh, S., 2013, The Comparative Relationship between Market Orientation and Service Quality of Private and Government Banks. *Journal of Basic and Applied Scientific Research,* vol. 3, no. 2, pp. 1021-1029.

Njeri, M.A. & Kim, B., 2016, Review of Market Orientation: Relationship with Business Performance Among Small and Medium Enterprises in Kenya. *African Journal of Science and Research,* vol. 5, no. 4, pp. 1-8.

Norman, G.R. &Streiner, D.L., 1997, *PDQ Statistics*. St. Louis, MO: Mosby.

Norusis, M.J., 1990, *SPSS – X advanced Statistics Guide.* SPSS Incorporated.

Nunnally, J.C., (ed.), 1967,Psychometric Theory, McGraw-Hill, New York.

Nunnally, J. C., (ed.), 1978, Psychometric theory. New York: McGraw-Hill.

Nunnally, J.C., & Bernstein, I.H., (ed.), 1994, Psychometric theory. New York: McGraw-Hill.

O'Brien, E.M. & Deans, K.R., 1996, Educational supply chain: A tool for strategic planning in tertiary education? *Marketing Intelligence & Planning,* vol. 14, no. 2, pp. 33–40.

Oliver, R.L., & Swan, J.E., 1989b, Equity and disconfirmation perceptions as influences on merchant and product satisfaction. *Journal of Consumer Research*, vol. 16, pp. 372-383.

Oliver, R.L., 1993, Cognitive, Affective and Attribute bases of the Satisfaction Response. *Journal of Consumer Research*, vol. 20, pp. 418-430.

Oliver, R. L., 1996, *Satisfaction: A Behavioural Perspective on the Consumer*, Boston: Irwin/McGraw-Hill.

Olotu, A.O. &Liem, 2010, An Empirical Study of Relationship Marketing Orientation and Bank Performance. *Research Journal of International Studies*, vol. 16, pp. 47-57.

Ong, J.W., Yeap., P.F. & Ismail, H., 2015, The Effect of Demographic Factors on Market Orientation. *American Journal of Economics*, vol. 5, no. 2, pp. 64-73.

Ottesen G.G., &Gronhaug, K., 2004, Exploring the dynamics of market orientation in turbulent environments: a case study. *European Journal of Marketing*, vol. 38, no. 8, pp. 956-973.

Ovia, J., 2008, Blossoming the Nigerian economy: Real sector financing. *CBN's National Seminar on Banks and the Nigerian economy*, Abuja: Nigeria, pp. 1-23.

Palmer, A., 1994, Relationship Marketing Back to Basics.*Journal of Marketing Management*, vol. 10, no. 7, pp. 571-579.

Parasuraman, A., Zeithaml, V.A. & Berry, L.L., 1985, A conceptual model of service quality and its implications for future research. *Journal of Marketing*, vol. 49, no. 4, pp. 41-50.

Parasuraman, A., Zeithaml, V.A. & Berry, L.L., 1988, SERVQUAL: A multiple item scale for measuring consumer perception of service quality. *Journal of Retailing*, vol. 64, no. 1, pp. 12-37.

Park, C.W. & Smith, D.C., 1990, Product Class Competitors as Sources of Innovative Marketing Strategies. *Journal of Consumer Marketing,* vol. 7, no. 2, pp. 27-38.

Pascale, R.T., 1990, *Managing on the Edge: How Successful Companies Use Conflict to Stay Ahead.* London: Viking, Penguin.

Payne, A., Christopher, M. & Clark, M., 1998, *Relationship Marketing for Competitive Advantage: Winning and Keeping Customers,* Butterworth-Heinemann: Oxford.

Payne, A. & Rapp, R., 1999, *Relationship Marketing: Handbook of Relationship Marketing,* vol. 3, pp.3-16.

Pelham, A.M. & Wilson, D.T., 1996, A Longitudinal Study of the Impact of Market Structure, Firm Structure, Strategy, and Market Orientation Culture on Dimensions of Small Firm Performance. *Journal o f the Academy of Marketing Science,* vol. 24, no. 1, pp. 27-43.

Pelham, A.M., 2000, Market orientation and other potential influences on performance in small & medium sized manufacturing firms. *Journal of Small Business Management,* vol. 38, pp. 48-67.

Peters, T.J. & Waterman, R.H.Jr., 1982, *In Search of Excellence: Lessons from America's Best-run Companies,* New York: Harper & Row.

Phillips, L.W., 1981, Assessing Measurement Error in Key Informant Reports: A Methodological Note on Organizational Analysis in marketing. *Journal of Marketing Research,* vol. 18, no. 4, pp. 395-415.

Phillips, L.W., Chang, D.R., &Buzzell, R.D., 1982, Product quality, cost position, and business performance: A test of some key hypotheses. Harvard University, Graduate School of Business Administration.

Phillips, L.W., Chang, D.R. &Buzzell, R.D., 1983, product quality, cost position and business performance: A test of some key hypotheses. *Journal of marketing,* vol. 47, no. 2, pp. 26-43.

Piercy, N. & Morgan, N., 1990, Internal Marketing: Making Marketing Happen, *Marketing Intelligence and Planning,* vol. 8, no. 1, pp. 4–6.

Piercy, N., Harris, L.C. &Nikala, L., 2002, Market orientation and retail operatives' expectations. *Journal of Business Research,* vol. 55, no. 4, pp. 261-73.

Pitt, S.R.L., 1992, SERVQUAL as a Measuring Instrument for Service Provider Gaps in Business Schools. *Management Research News*, vol. 15, pp. 9-17.

Porter, L.W., Steers, R.M., Mowday, R.T. &Boulian., P.V., 1974, Organizational commitment, job satisfaction, and turnover among psychiatric technicians.*Journal of Applied Psychology*, vol. 59, no. 5, pp. 603-609.

Pulendran, S., Speed, R. &Widing R.E., 2003, Marketing planning, marketorientation and businessperformance. *European Journal of Marketing*, vol. 37, no. 3-4, pp. 476-497.

Raaij, E.M.V., 2001, The Implementation of a Market Orientation. PhD thesis, University of Twente.

Ramayah, T., Samat, N. & Lo, M.C., 2011, Market orientation, service quality and organizational performance in service organizations in Malaysia. *Asia-Pacific Journal of Business Administration*, vol. 3, no. 1, pp. 8-27.

Reichheld, F.F. &Sasser, J.W., 1990, Zero defections: Quality comes to services. *Harvard Business Review,* vol. 68, no. 5, pp. 105-111.

Reichheld, F.F., 1996, *The loyalty effect: The hidden force behind growth, profits and lasting value.* Boston: Harvard Business School Press.

Reserve Bank of India, 2010, *Handbook of Statistics on Indian Economy*.

Robinson, P.B., Stimpson, D.V., Heufner, J.C. & Hunt, K.N., 1991, An attitude approach to the prediction of entrepreneurship. *Entrepreneurship: Theory and Practice,* vol. 15, no. 4, pp. 13-31.

Rubin, A. &Babbie, E., 2009, Essential Research Methods for Social Work, USA, Cengage Learning.

Rudie, M.J. &Wansley, H.B., 1985, The Merrill Lynch Quality Program, in Service Marketing in a Changing Enviroment, Thomas Bloch, Gregory Upah, & Valarie A. Zeithaml (eds.), Chicago, IL: American Marketing Association.

Ruekert, R.W., 1992, Developing a Market Orientation: An Organizational Strategy Perspective. *International Journal of Research in Marketing*, vol. 9, no. 3, pp. 225-245.

Rust, R.T. &Zahorik, A.J., 1993, Customer Satisfaction, Customer Retention and Market Share.*Journal of Retailing*, vol. 69, no. 2, pp.193-215.

Sandberg, W.R., & Hofer, C.W., 1987, Improving new venture performance: The role of strategy, industry structure, and the entrepreneur. *Journal of Business Venturing*, vol. 2, pp. 5-28.

Samat, N., Ramayah, T. &Saad, N.M., 2006, TQM Practices, Service Quality and Market Orientation. *Management Research News*, vol. 29, no. 11, pp. 713-728.

Saxe, Robert. &Weitz, B.A., 1982, The SOCO Scale: A Measure of the Customer Orientation of Salespeople. *Journal of Marketing Research*, vol. 19, no. 3, pp. 343-351.

Santhiyavalli, G. & Sandhya, B., 2011, Service Quality Evaluation in Select Commercial Banks: A Comparative Study. *The IUP Journal of Management Research*, vol. 10, no. 1, pp. 43-62.

Shahin, A. & Samea, M., 2010, Developing the Models of Service Quality Gaps: A Critical Discussion. *Business Management and Strategy*, vol. 1, no. 1, pp. 1-11.

Shama, A., 1992, Managing marketing during the stagflation in Yugoslavia. *International Marketing Review*, vol. 9, no. 1, pp. 44-56.

Shapiro, B.P., 1988, What the hell is 'Market Oriented?'",.*Harvard Business Review*, vol. 66, pp. 119-25.

Shaw, V., 2001, The marketing strategies of French and German companies in UK. *International Marketing Review*, vol. 18, no. 6, pp. 611-32.

Shehu, A.M. &Mahmood, R., 2014, Market orientation, Knowledge management and Entrepreneurial orientation as predictors of SME performance: Data screening and Preliminary Analysis. *Information and Knowledge Management*, vol. 4, no. 7, pp. 12-23.

Shoham, A., Rose, G.M. &Kropp, F., 2005, Market orientation and performance: A meta-analysis. *Marketing Intelligence & Planning*, vol. 23, no. 5, pp. 435-454.

Shore, L.M. & Martin, H.J., 1989, Job satisfaction and organizational commitment in relation to work performance and turnover intentions.*Human Relations*, vol. 42, no. 7, pp. 625- 638.

Sidhu, N., 2013, Perception and Acceptability of Electronic Banking: A Study of the Customers of Selected Banks. *International Journal of Social Science & Interdisciplinary Research*, vol. 2, no. 6, pp. 45-57.

Siguaw, J.A., Brown, G. & Robert E.W., 1994, The Influence of the Market Orientation of the Firm on Sales Force Behavior and Attitudes. *Journal of Marketing Research*, vol. 31, pp. 106-16.

Singh, J. & Kaur, P., 2013, Customers' attitude towards technology based services provided by select Indian Banks. *The International Journal of Commerce and Management*, vol. 23, no. 1, pp. 56-68.

Singh, N. & Saravanan, R., 2015, Market Orientation of Small & Medium Textile Industry in Coimbatore. Indian Journal of Applied Research, vol. 5, no. 3, pp. 235 – 239.

Sinkula, J.M., 1994, Market Information Processing and Organizational Learning.*Journal of Marketing*, vol. 58, pp. 35-45.

Slater, S.F. &Narver, J.C., 1994a, Does Competitive Environment Moderate the Market Orientation-Performance Relationship?.*Journal of Marketing*, vol. 58, no. 1, pp. 46-55.

Slater, S.F. &Narver, J.C., 1994b, Market orientation, customer value, and superior performance.*Business Horizons*, vol. 37, no. 2, pp. 22-28.

Slater, S.F. &Narver, J.C., 1995, Market orientation and the learning organization.*Journal of Marketing,* vol. 59, no. 3, pp. 63–74.

Slongo, L.A. &Bossardi, G., 2004, 'Market Orientation & Quality of Life at Work: A Study in Metallurgical Enterprises, Metal-mechanical & Electrical Equipment of Caxias do Sul', paper presented at Proceedings of the National Meeting of the National Association of Graduate Studies & Research in Administration, Curitiba, Brazil.

Sorensen, H.E., 2005, On Market Orientation: Development & Empirical Validation of Two Symmetric Components Measures of Market Orientation. University of Southern Denmark.

Spreng, R.A. &Mackoy, R.D., 1996, An empirical examination of a model of perceived service quality and satisfaction. *Journal of Retailing*, vol. 72, no. 2, pp. 201-14.

Steiger, J.H., 1990, Structural model evaluation and modification: An Interval Estimation Approach. *Multivariate Behavioural Research,* vol. 25, pp. 173 - 180.

Steinman, C., Deshpande, R. & Farley, J.U. 2000, Beyond market orientation: When customers and suppliers disagree. *Journal of the Academy of Marketing Science,* vol. 28, no. 1, pp. 109-120.

Stoelhorst, J.W. &Raaij, E.M.V., 2004, On explaining performance differentials: marketing and the managerial theory of the firm. *Journal of Business Research,* vol. 57, no. 5, pp. 462-77.

Styles, C. and Ambler T., 2003, The coexistence of transaction and relational marketing: Insights from the Chinese business context. *Industrial Marketing Management,* vol. 32, no. 8, pp. 633-642.

Sutcliffe, K.M. &Zaheer, A., 1998, Uncertainty in the transaction environment: an empirical test. *Strategic Management Journal*, vol. 19, no. 1, pp. 1-23.

Swar, B.N., 2011, A Study of Customer Satisfaction & Service Quality Gaps in Selected Private, Public & Foreign Banks. *SIES Journal of Management*, vol. 7, no. 2, pp. 61-73.

Swartz, T.A. & Brown, S.W., 1989, Consumer and Provider Expectations and Experiences in Evaluating Professional Service Quality. *Journal of the Academy of Marketing Science*, vol. 17, pp. 189-195.

Tournois, L., 2013, Total Market Orientation, Customer Value and Market Performance from a dual perspective, *The Journal of Applied Business Research*, vol. 29, no. 4, pp. 1157-1174.

Tsai, K.H., Chou, C. &Kuo, J.H., 2008, The curvilinear relationships between responsive and proactive market orientations and new product performance: a contingent link. *Industrial Marketing Management*, vol. 37, pp. 884-94.

Tse, D.K., & Wilton, P.C., 1988, Models of consumer satisfaction formation: An extension. *Journal of Marketing Research*, vol. 25, pp. 204-212.

Verma, D.P.S. &Israney, H., 2001, Market-Orientation in Commercial Banks - A Study of Selected Banks in Delhi. *Journal of Business*, vol. 5, no. 2, pp. 7-14.

Voon, B.H., 2006, Linking a service driven market orientation to service quality. *Managing Service Quality*, vol. 16, no. 6, pp. 595-619.

Wang, C.H., 2015, The Impact of Market Orientation on Innovation Performance: Does Service Innovation Matter? *Journal of Business Studies Quaterly*, vol. 6, no. 3, pp. 77- 93.

Ward, S., Girardi, A. &Lewandowska, A., 2006, A Cross - National Validation of the Narver and Slater Market Orientation Scale. *Journal of Marketing Theory and Practice*, vol. 14, no. 2, pp. 155-167.

Webb, D., Webster, C. &Krepapa, A. 2000, An exploration of the meaning and outcomes of a customer-defined market orientation. *Journal of Business Research,* vol. 48, no. 2, pp. 101-112.

Webster, F.E., 1988, Rediscovering the Marketing Concept. *Business Horizons,* vol. 31, pp. 29-39.

Weiss, D.J., Dawis, R.V., England, G.W. &Lofquist, L.H., 1967, *Manual for the Minnesota Satisfaction Questionnaire. Minneapolis*. University of Minnesota, Industrial Relations Center, vol. 22.

Whitehall, G., Lukas, B. & Doyle, P., 2003, *Marketing Management: A Strategic Value Based Approach*, Wiley, Brisbane.

Wilson, J.Q., 1996, *Innovation in Organizations: Notes Toward a Theory. in Approaches to Organizational Design*, J.D. Thompson, ed. Pittsburg, PA: University of Pittsburg Press, 195-218.

Westbrook, R.A., 1987, Product/Consumption – Based Affective Responses and Post Purchases Process. *Journal of Marketing Research*, vol. 24, pp. 258-259.

Westbrook, R.A. & Oliver, R.L., 1991, The dimensionality of consumption emotion patterns and consumer satisfaction. *Journal of Consumer Research*, vol. 18, pp.84-91.

Westbrook, R. & Reilly, M.D., 1983, Value Percept Disparity: An Alternative to the Disconfirmation of Expectations Theory of Consumer Satisfaction in Advances in Consumer Research, Bagozzi, R. &Tybout, A. (eds). vol. 10 pp. 256-261, Ann Arbor, MI: Association for Consumer Research.

Wong, V. & Saunders, J.A., 1993, Business orientation and corporate success. *Journal of Strategic Marketing,* vol. 1, no. 1, pp. 20-40.

Wood, V.R., Bhuian, S. &Kiecker, P., 2000, Market Orientation and Organizational Performance in Not-for-Profit Hospitals.*Journal of Business Research,* vol. 48, no. 3, pp. 213-226.

Woodside, A.G., Sullivan, D.P. &Trappey, R.J., 1999, Assessing relationships among strategic types, distinctive marketing competencies, and organizational performance. *Journal of Business Research,* vol. 45, no. 2, pp. 135-46.

Wrenn, B., LaTour, S. & Calder, B., 1994, Difference in Perception of Hospital Marketing Orientation between Administrators and Marketing Officers.*Hospital and Health Services Administration,* vol. 39, pp.341-358.

Wren, B. M., Souder, W. E. & Berkowitz, D., 2000, Market orientation and new product development in global industrial firms.*Industrial Marketing Management,* vol. 29, no. 6, pp. 601-611.

Wu, W., 2002, Customer Relationship Management (CRM) Technology, Market Orientation, and Organizational Performance.

Yavas, U., Bilgin, Z. &Shemwell, D.J., 1997, Service quality in the banking sector in an emerging economy: a consumer survey. *International Journal of Banking Marketing,* vol. 15, no. 6, pp. 217-23.

Yavas, U. &Yasin, M.M., 2001, Enhancing organizational performance in banks: a systematic approach. *Journal of Services Marketing,* vol. 6, pp. 444 – 53.

Yeni, Y.H. & Herington, C., 2010, 'The Impact of Marketing Planning, Marketing Orientation and Service Quality on Institutional Performance: Evidence from Indonesian Higher Education', paper presented at *ANZMAC Conference Proceedings.*

Zeithaml, V.A., 1987, Defining and Relating Price, Perceived Quality, and Perceived Value, *MA: Marketing Science Institute,* pp. 87-101, Cambridge.

Zeithaml, V.A., Bitner, M. & Gremler, D. (ed), 2006, *Services marketing: integrating customer focus across the firm*, McGraw-Hill Irwin, New York.

Zimmerman, D.W. & Bruno D. Zumbo, B.D., 2009, *Psicologica*, Hazards in Choosing Between Pooled and Separate Variances t Tests, 30, pp. 371-390.

Zollo, M., & Winter, S., 2002, Deliberate learning and the evolution of dynamic capabilities. *Organization Science*, vol. 13, pp. 339-351.