

The implication of Service Quality On Customer Satisfaction in Performance Evaluation in Finance Firms in Sri Lanka

A.L.M.A Shameem^a and J.K.P.S.K.Jayainghe^b,

^aDepartment of Management, South Eastern University of Srilanka, Oluvil.

^bDepartment of Management, South Eastern University of Srilanka, Oluvil.
alma_shameem@seu.ac.lk ,jayasinghemadara@gmail.com

Introduction

When we talked about the finance sector in Srilanka, there is a huge competition there. If the firms are wishing to exist in the finance sector, it is essential to pay attention to the customer satisfaction. No matter whether the organization is small, significant, profit-oriented, non- profit oriented, locally operating or globally operating one, customer satisfaction and service quality are key factors which affect for all of the organizations. In order to evaluate the customer satisfaction, we should have to have a performance evaluation system in our firms. Performance measurement is a critical factor to achieve the firm's objectives, translating strategy into action, monitoring and implementing the process of the organization. Primary objective of this study is to evaluate the implications of service quality and customer satisfaction of finance firms in Srilanka. Complementary objectives are to identify the necessity of customer satisfaction and to examine the usage level (utilization level) of customer satisfaction.

Literature Review

Basic Concepts of Performance Management

Neely (1995) described performance measures as the process of qualifying action so that it is a process of qualifying of an action which correlated with performance.

Importance of non-financial measures

Monroe and Woodliff (2009) it is clear that non-financial measures have many advantages over financial ones. It is argued that companies should be encouraged to disclose non-financial performance measurements provide evidence on the effect of voluntary disclosure of non-financial performance information and the impact on financial statement users.

Reasons for using non-financial measures

Brancato (1995) Scholars and practitioners use a diverse set of reasons to explain the use of non-financial information for measuring and rewarding managerial performance.

Service quality

Traditionally service quality has been defined as the difference between customer expectation and perception of the service.

Based on the study researcher developed hypothesis which shows the relationship between the independent variables and the dependent variable.

H1-Tangible features of finance firms positively influence customer satisfaction.

H2-Responsiveness features of finance firms positively influence customer satisfaction.

H3-Knowledge features of finance firms positively influence customer satisfaction.

H4-Recovery features of finance firms positively influence customer satisfaction.

H5-Reliability and trust features of finance firms positively influence customer satisfaction.

H6-Accessibility and flexibility features of finance firms positively influence customer satisfaction.

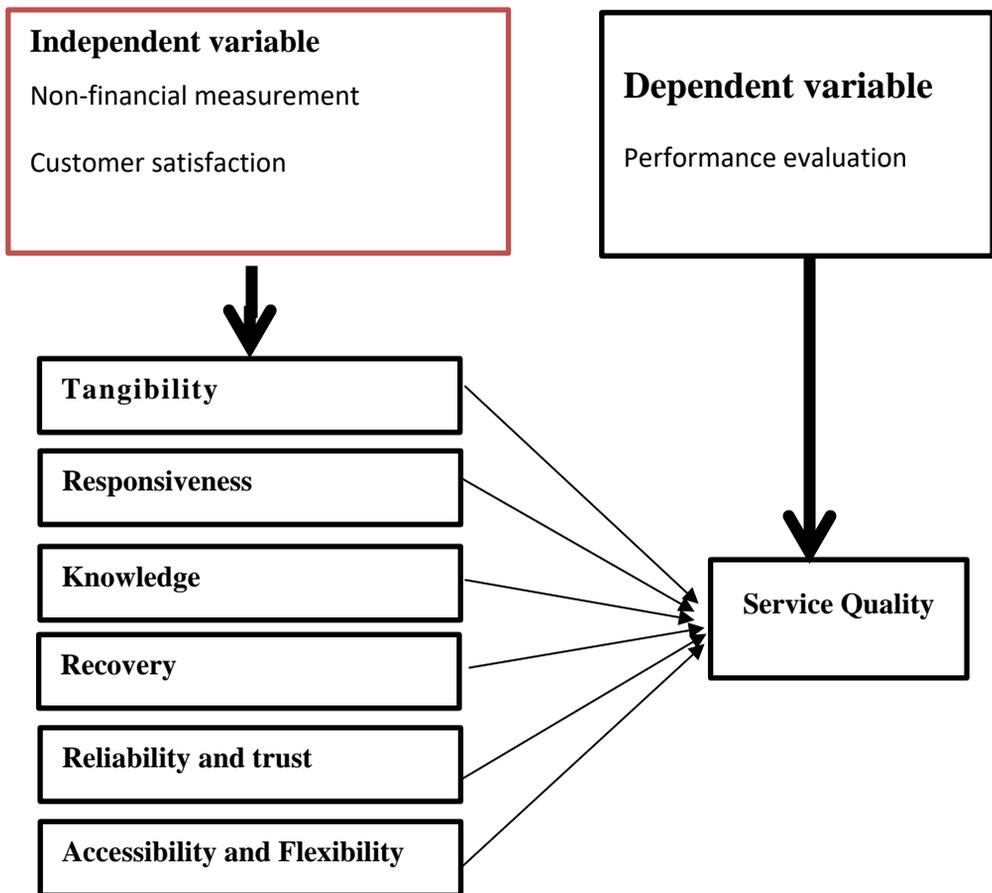
Methodology

Research methodology or a study design refers merely to the system of collecting data for a particular research project. Such data may be collected in order to conduct theoretical or practical research.

A quantitative approach was followed in the survey. The population of this study is all the customers who are related to the financial industry in Srilanka. To collect enough data to test hypothesis a survey was conducted to collect the data from the sample. So 200 questionnaires were distributed randomly to the customers all over the Srilanka. Equal numbers of customers were asked to fill out the questionnaire for each chosen firm. Subjects were asked to assess their perception of various items representing service quality and customer satisfaction. Assessments were

based on a five-point like scale ranging from “very poor” (1) to “excellent” (5) was used to measure 20 items.

The data collected by the researcher is analyzed in such a way to make interpretations. The inferential analysis includes Linear Regression analysis, Descriptive Analysis, and correlation. Statistical Package for Social Sciences (SPSS) 21.0 is used to analyze data.



Source: - Developed by the researcher

Result

According to the analysis part of the research, it was proved that there is a positive relationship between the independent variables and the dependent variable. This study proved that non -financial measurement variables have a significant impact on performance evaluation of financial firms as a dependent variable. Descriptive analysis is used for the scale measurement of the research.

Table 01: - Descriptive Analysis

Details of Variable	N	Mean	Std. Deviation
Tangibles	150	3.020	.462
Responsiveness	150	3.795	.510
Knowledge	150	3.479	.539
Recovery	150	3.479	.539
Reliability	150	3.785	.553
Accessibility and flexibility	150	3.729	.724
Customer satisfaction	150	.964	.181

Table 01 indicates that customers of finance firms in Srilanka perceived responsiveness with the highest mean scores ($M = 3.795$, $SD = 0.519$) to be the most dominant service quality and evident to a considerable extent to followed by Tangibles ($M= 3.020$, $SD= 0.462$), Knowledge ($M= 3.479$, $SD= 0.539$), Recovery ($M= 3.479$, $SD= 0.539$), Reliability ($M= 3.785$, $SD= 0.553$), Accessibility and Flexibility ($M= 3.729$, $SD= 0.724$) which were all rated as high practices by finance firms in Srilanka. The Standard deviations are quite high. This means that the effect of service quality on customer satisfaction is an approximation to a normal distribution. This also indicates that respondents are in favor of customer satisfaction.

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	0.771	0.594	0.573	0.118

Regression analysis

Above table shows the R square value of 0.594. It means that the service quality is contributing to the customer satisfaction by 59.4% and remaining 40.6% can be attributed by other factors which are not studied because they are on beyond the scope of the study.

Therefore the entire hypothesis can be accepted by rejecting the entire null hypothesis.

Tangibility, responsiveness, knowledge, recovery, reliability and trust, accessibility and flexibility are non-financial measures, and they have the positive

impact on the service quality of the organization. Overall service quality should impact to the performance evaluation of finance firms in SriLanka.

Conclusion

From the analysis carried out in order to answer the research question, how far how the non-financial measures are utilized in performance evaluation process of finance firms in Srilanka. Study which includes theoretically trying to find out what was used to measure service quality in financial firms, finding out how customers' perceived service quality in finance firms by identifying what dimensions bring customer satisfaction.

The results of this study indicated that the service quality is an essential aspect of customer satisfaction. These results dimensions of service quality have significant influence on customer satisfaction. These dimensions included tangibility, reliability, responsiveness, knowledge, recovery, and accessibility. This finds reinforcement for finance managers to emphasize the five dimensions of service quality.

Based on the following tips finance managers of the banks/ finance companies or the administrative sector companies can improve their service quality by managing the customer expectations.

The further researcher should be carried out in order to enhance the understanding of the concepts of service quality and customer satisfaction and how those factors can be measured because of the importance for service-providing organizations in term of profitability and growth. A similar study could be conducted with a large sample size so that the results can be generalized to a large population. This study can be carried out in other areas comprised of multiple countries in order to find out the applicability.

References

Anam, H.Z., Kausar, T.U., & Mohsin, A, (2015), "Impact of service quality, corporate image and customer satisfaction towards customers' perceived value in the banking sector in Pakistan," *International Journal of Bank Marketing*, Vol. 33(4)

Neely, A. (1999). The performance measurement revolution: why now and what next. *International Journal of Operations & Production Management*, Vol.19(2), 205-228. [Http://www.businessdictionary.com](http://www.businessdictionary.com)

Brancato, C.K. (1995). Non-financial information for measuring and rewarding managerial performance Brancato, *New York, NY: The Conference Board*.

Westbrook, R.A. (1981). Consumer satisfaction with retail outlets. *Journal of Retailing*, 57(3)

Zeithaml, V.A., Berry, L.L and Parasuraman, A. (1996) The behavioral consequences of service quality, *The journal of marketing*