

6.14 The Factors Influencing the High Quality Service Environment in the Private Sector Banks in Sri Lanka.

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ABSTRACT

The physical service environment plays an important role in shaping the service experience and delivering customer satisfaction. High quality service environment can influence critical customer relationship goals from the initial attraction of the customers through retention and even enhancement of relationship. It is important to identify how the service environment ties up into customer's perception. This indicates the need of understanding staff expectations and perceptions as the first step in achieving organizational performance. Generally, all customers and staff wish to work or obtain services within a high quality environment.

Customers frequently use service environment as an important quality proxy and firms take great pains to signal quality and to portray the desired image. Thus, the bank environment has to be geared towards facilitating both the utilitarian and hedonic desires of a customer. Traditionally, researches have studied the effect of service environment on cognitive evaluations of customers. These cognitive evaluations include perceived service quality, perceived reliability, and perceived reputation. This study broadens the scope of bank environment research to affective evaluations as well. The main purpose of the study is to examine the role of bank environment on customer's internal evaluations which constitute both utilitarian and hedonic evaluations; and how these evaluations lead to the customer's judgment of overall service environmental value.

Also, for some customers the primary drivers of value will be utilitarian benefits whereas for others they are hedonic benefits. Customers' banking motivation was identified as the moderating factor in the model.

Data were collected mainly by administering a questionnaire. Sample size of 120 respondents was used for the study. Random sampling method was used to determine the sample. Bank managers were asked to volunteer their participation in collecting data. Response rate for the questionnaire is 96%. Based on the analysis of customers' responses, it is clear that the customers are interested in the physical appearance of the service organization. (Mean: 3.7522, SD: 0.49053, n: 50 and significance 99%). Also, the results indicate that ambience is also an influencing factor in case of quality service environment. (Mean: 3.4900, SD: 0.55949, n: 100 and significance 99%). Further, it has been proved by the respondents that customers expect social cues in a high quality service environment. (Mean: 3.3845, SD: 0.50341, N: 100 and significance 99%). Moreover, the factors such as parking, light, air condition and color scheme were identified as the factors that largely contribute to have a high quality service environment.

Key words: Ambience, Quality perception, Perceived reliability, Environmental value, In-house designing