

A Conceptual Review of Service Quality and Its Competitive Advantage in Indian Service Sector

¹ Sukhvinder Singh Papos, ² Dr. V.G. Ukinkar

¹ Asst. Dean, Centre of Professional Enhancement, Lovely Professional University, Phagwara, Punjab, India

² Professor Commerce Department, Dhanwate National College, Nagpur, Maharashtra, India,

Email - ¹sukhvinder.paposa@gmail.com, ²Dr.ukinkar@gmail.com

Abstract: *Indian Service Sector is contributing almost 60% to Indian Economy and 28% to the overall employment. The Sector is growing at a rapid pace. India is moving towards a completely digitalised economy with an increase in demand of ICT enabled services. There is a high rise in demand for various domestic services. There is a huge revenue generation across various sectors like tourism, healthcare, telecom, information technology, banking, finance, education, space, sports, railways and retail including e-commerce. On the other hand, there is massive competition in the service industry. To combat and survive in the competitive edge it becomes highly important for the service industry to offer world class services at affordable prices. The service quality has become a very important matter of concern in order to attain competitive advantage. Therefore, the current study focuses on exploring the various service industries in the Indian service sector and reviewing the existing research work done on the service quality in these sectors.*

Key Words: *Competitive Advantage, Indian Economy, ICT enabled services. Indian Service Sector, Service Quality*

1. INTRODUCTION:

The service sector of India is one of the fastest growing sectors in the Indian economy. The service industry is contributing to almost 66 percent of the Indian GDP. The service sector of India is about 1.48 trillion dollars and still has a huge potential to grow. There are various initiatives taken by the Indian government for the growth and development of this sector. Some of the initiatives include Make in India, Skill India, Start Up India and Digital India. The service sector is attracting Foreign Direct Investment (FDI) due to reduction in various trade barriers, relaxation in FDI norms and deregulation. The various key service sectors blooming in the Indian economy includes “IT, telecom, media and entertainment, healthcare, banking & financial services, retail, railways, environment, energy, logistics, exhibition & event, facility, education, space, skills, start-ups and sports” (Confederation of Indian Industry, 2017).

With the increase in competition and the public, private and foreign players it becomes very important to ensure about the quality of services being offered. It is the service quality which provide competitive advantage to survive in the volatile environment. High quality goods and services paves a way to remove competitive barriers, reduce cost of marketing and helps to maintain a huge customer base (Poor, Poor, & Darkhaneh, 2013).

2. RESEARCH OBJECTIVES:

The current study focuses on the following objectives :

- Identifying the various service industries in Indian service sector.
- Reviewing the research work done on the service quality of the major industries in the Indian service sector.
- Identifying the various antecedents of service quality

3. LITERATURE REVIEW:

Indian Service sector is gigantic. It includes large number of industries offering services of diverse nature. As the setup cost for an organisation in this sector is very less it become a very lucrative opportunity for investments. The government of India is promoting various crucial sectors like education and health services which contributes towards the benefit of the society by levying zero tax under GST. A multi development program of Skill India which is an initiative by the GOI has been started to promote skill development required for the growth of the sector. Various service exports are a significant driver towards the economy growth. In the year 2017 India has been ranked as the ninth largest exporter of commercial services in the world. Broadly stating the Indian service sector is dominated by various service industries like “Banking and Financial Services, Tourism and Hospitality Services, Telecommunication Services, Healthcare Services, IT and IT Enabled Services” (Indian Brand Equity Foundation, 2018). The major focus of all the service industries is to provide better quality services to the customer so as to ensure customer loyalty and satisfaction.

3.1. Banking and Financial Services:

India is one of the most preferable destination for financial services. The Banking and Financial Industry offer various financial services which includes insurance, mutual funds, Guaranteed Investment Certificates (GICs), Non-Banking Financial Companies, etc. The Indian Insurance sector is one of the biggest in the world with 360 million policies (Confederation of Indian Industry, 2017). Initiatives taken by the Indian Government regarding financial inclusion has led to increase in access of the banking system. Government has put continuous efforts to promote banking-technology and expansion of banks in rural areas also (Indian Brand Equity Foundation, 2018).

Service quality is a very important factor to position the banks in the service industry market. A study has been undertaken on Service Quality perceptions in Financial Services of Indian Banks. In order to measure the service quality perception of the customers performance based SERVQUAL scale has been used in the study. The five dimensions considered includes tangibility, reliability, responsiveness, assurance and empathy. The main objective of the study was to identify the significance difference in the service quality perception of the customers in relation to public and private banks. The analysis of the study revealed that all the dimensions of service quality are equally important among the public and private banks to attain competitive advantage. In the public sector the responsiveness dimension was given huge importance followed by assurance and reliability. For the private sector banks tangibility has obtained the highest scores and reliability has scored the minimum value. The study indicated that public sector banks has better quality perception among the customers as compared to that of private. The study suggested that private sector banks should instil reliability in the minds of the customer by promoting their latest achievements so as to increase their service quality perception (Sharma & Mehta, 2005).

Another study entitled 'Evaluating the effects of service quality, customer satisfaction, and service value on behavioural intentions with life insurance customers in India' aims to assess the direct and indirect effects of service encounter constructs of service quality, customer satisfaction and service value on loyalty related behavioural intentions of customer in Indian Life service in India. The various extracted service quality dimensions included service delivery, core services, tangibles, sales agent quality and empathy. The study indicates that there is a complex relationship of Service Quality with customer loyalty. Additionally, perception of service value plays a critical role in effecting customer repurchase intentions and positive word of mouth (Gera, Mittal, Batra, & Prasad, 2017).

3.2. Tourism and Hospitality Services:

The tourism and hospitality sector of India produced huge FDI inflows of INR 73,5 billion in 2016. Government allows 100 percent FDI in tourism related projects including hospitals. The growing tourism and hospitality industry demand better quality services so as to increase the market share.

A study on Service quality perception of the customer was undertaken on the luxury hotels of New Delhi, India. The various service attribute on which customer perception was studied included office, room service and in-house cafe/restaurant. The study indicated that there is a huge difference in the expectation of the guest and their actual experience. The study stated that luxury hotels need to develop a commitment towards service quality and should put efforts to study customers' attitude. Regular feedbacks need to be taken from the customer regarding their expectations and accordingly the services which are being delivered need to be improve from time to time (Mohsin & Lockyer, 2010).

3.3. Telecommunication Services:

The Telecom Industry of India is growing rapidly and contribute towards the economic growth of the country. After Liberalization in economy the telecom sector of India has massively grow and have become the second largest telecom market in the world with huge subscriber base (Confederation of Indian Industry, 2017). With increase in number of companies in telecom sector and number portability option given to customer quality of services being delivered as become an important agenda.

As study was undertaken on 'service quality expectations and perceptions of telecom sector' in India. According to the study, mobile telecommunication has become the most growing sector of India reaching the rural areas also. The mobile service providers need to continuously work upon the ways to acquire, retain and increase their subscriber base. The main objective of the study was to identify the dimesons of services which the telecommunication companies need to concentrate so as to increase the subscribers' satisfaction. SERVQUAL model was used in the study. The results of the study indicated that the expectation of the service provider have exceeded their experience of actual service provided. The service provider needs to take all the necessary steps to improve the quality of service being offered so as to meet the expectations of the customers and achieve competitive advantage (Kushwah & Bhargav, 2014).

3.4. Healthcare Services:

The health sector of India has also become one of the India's largest sector in terms of both income and employment. Government of India is undertaking various initiatives like eHealth namely Mother and Child Tracking System (MCTS) and Mother and Child Facilitation Centres (MCTFC). With the increasing number of acquisitions with

the domestic and foreign companies the industry is working hard core on the quality of services being offered to the customers (Indian Brand Equity Foundation, 2018).

A study on 'Service quality, consumer satisfaction and loyalty in hospitals: Thinking for the future' identified the most important feature in hospitals related to service quality that will ensure existence and accomplishment in the future. The sample size of 180 respondents collected on a random basis, who have undergone treatment in 40 different hospital in Hyderabad during 2014. The sample comprises of different demographic profile. SERVQUAL dimensions have been used in the study to measure the service quality and its impact on patient's satisfaction. The outcome of the study reveals that reliability and responsiveness impact patient's satisfaction and patient's satisfaction is directly related to patient's loyalty. Demographic factor like Marital status and age have no impact on the regression weights of the variables analysed as compared to gender.

3.5. IT and IT Enabled Services:

The IT and IT Enabled Service sector is major driver of India's service sector. The revenue of Information technology Business Process Management increased from US Dollar 154 billion in financial year 2017 to US Dollar 167 billion in financial year 2018. India has arisen as a digital capability hub in the world, with a 75 percent of the global digital talent pool (Indian Brand Equity Foundation, 2018).

The software industry of India is outstanding in various aspects. It is more of service oriented rather than product oriented and majorly contributes to the total service exports. However, with the increase in the number of IT companies in the industry their sustainability has become a challenge. The companies try to distinguish themselves from the competitors in the global market by providing superior quality of services in terms of processes and people and whenever required their experiences (Arora, 2011).

4. CONCLUSION:

A continuous high quality of services can pave a basic way to the service industries to differentiate itself from the competitors (Poor et al., 2013). The examination of service quality perception of the customers enables the management of an organisation to improve its operations. Thus, examination of service quality perception is highly essential in today's context to gain competitive advantage. In order to measure service quality SERVQUAL remains the most widely applied measure for the researchers and practitioners (Al-Fawzan, 2018). However, SERPERF is a measure which is based completely on performance only construct and is stated as more effective measure of service quality (Paposa, Ukinkar, & Paposa, 2019). The various attributes used to measure service quality includes tangibility, reliability, empathy, assurance and responsiveness (Meesala & Paul, 2018) (Adil, Falah, Al, & Albkour, 2013).

The review of the available literature on service quality of various Indian service industries signifies that quality of services plays a crucial role towards the growth and development of the various service industries in the competitive scenario. Thus, to conclude it can be stated that service quality is the most reliable measure for the service industries to keep themselves in business and gain competitive advantage.

5. LIMITATIONS AND FUTURE SCOPE

The current research work put a focus on the growth aspect of key service sectors and states that, service quality is an important attribute for obtaining competitive advantage in the global scenario. However, the study has certain limitation like the research work is purely review based and considers the research work done in Indian context only. It can be further improvised by including the global context also. There are very few research studies available on IT and IT enabled services and therefore, an empirical research can be conducted in this regard. Additionally, more extensive review based and empirical research work can be carried out with regards to service quality in other sectors like aviation, education, space, sports, railways and retail including e-commerce.

REFERENCES:

1. Adil, M., Falah, O., Al, M., & Albkour, A. M. (2013). SERVQUAL and SERVPERF: A Review of Measures in ServicesMarketing Research. 13(6).
2. Al-Fawzan, M. A. (2018). Assessing Service Quality in a Saudi Bank. Journal of King Saud University - Engineering Sciences, 18(1), 101–114. [https://doi.org/10.1016/s1018-3639\(18\)30824-9](https://doi.org/10.1016/s1018-3639(18)30824-9)
3. Arora, A. (2011). The Indian Software Industry and its Prospects. SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.964457>
4. Indian Brand Equity Foundation. (2018). Services, <https://www.ibef.org/download/Services-Report-August-2018.pdf>
5. Confederation of Indian Industry. (2017). India Services Sector: A Multi-trillion Dollar Opportunity for Global Symbiotic Growth. (April), 172. Retrieved from

<https://www2.deloitte.com/content/dam/Deloitte/in/Documents/industries/in-india-services-sector-ges-2017-noexp.pdf>

6. Gera, R., Mittal, S., Batra, D. K., & Prasad, B. (2017). Evaluating the Effects of Service Quality, Customer Satisfaction, and Service Value on Behavioral Intentions with Life Insurance Customers in India. *International Journal of Service Science, Management, Engineering, and Technology*, 8(3), 1–20. <https://doi.org/10.4018/ijssmet.2017070101>
7. Kushwah, S. V., & Bhargav, A. (2014). SERVICE QUALITY EXPECTATIONS AND PERCEPTIONS OF TELECOM SECTOR IN INDIA Keywords : Service Quality in Telecom , Z Test. *International Journal of Advancements in Technology*, 5(1), 1–10.
8. Meesala, A., & Paul, J. (2018). Service quality, consumer satisfaction and loyalty in hospitals: Thinking for the future. *Journal of Retailing and Consumer Services*, 40(October 2015), 261–269. <https://doi.org/10.1016/j.jretconser.2016.10.011>
9. Mohsin, A., & Lockyer, T. (2010). Customer perceptions of service quality in luxury hotels in New Delhi, India: An exploratory study. *International Journal of Contemporary Hospitality Management*, 22(2), 160–173. <https://doi.org/10.1108/09596111011018160>
10. Paposá, S. S., Ukinkar, V. G., & Paposá, K. K. (2019). Service Quality and Customer Satisfaction: Variation in Customer Perception Across Demographic Profiles in Life Insurance Industry. *International Journal of Innovative Technology and Exploring Engineering*, 8(10), 3767–3775. <https://doi.org/10.35940/ijitee.J9970.0881019>
11. Poor, M. H., Poor, M. A., & Darkhaneh, M. A. (2013). The Quality of Service and Its Importance in Service Organizations. *Oman Chapter of Arabian Journal of Business and Management Review*, 3(3), 34–37. <https://doi.org/10.12816/0016427>
12. Sharma, A., & Mehta, V. (2005). Service quality perceptions in financial services: A case study of bankings services. *Journal of Services Research*, 4(2), 223–240.