CHAPTER II

LITERATURE REVIEW

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Literature review is a formidable part of any research as it lays foundation of ideas for the relevant area of study. This chapter focuses on the review of existing literature with a prime focus on banker's inconvenience and its various implications. This chapter has been divided into nine parts. First part study talks about the quality in details by taking the reference of Crosby's and others. Second part explains about the concept of various services and discusses about the feel of customer in experiencing services. In the third part an elaboration has been given about the service quality models and how these models are being used by banks in their service delivery. Fourth part deals withdiscussions on SERVQUAL scale. Fifth part explains concepts of banking and its services. Sixth part tries to look banking from customer's point of view. Seventh part tries to draw a relationship between banking and service quality. Eighth part discusses customer complain which arises due to inconvenience of bankers. Ninth part focuses on measures for minimization of customer complaint and maximization of their satisfaction.

2.1. Quality:

Quality is regarded as an important strategic tool when it comes to attain operational efficiency and improve business performance (Garvin, 1983; Phillips, et al. 1983; Anderson and Zeithaml, 1984; Babakus and Boller, 1992). This holds true for the service sector also. The unique importance of quality for service firms has been highlighted in many studies (Shaw,1978; Normann,1984). Numerous studies have determined a positive relationship of profits, increased market share, return on investment, customer satisfaction and future purchase intentions with quality of service (Buzzell and Gale, 1987; Boulding et al., 1993; Anderson, et al.,1994; Rust and Oliver, 1994).

Quality has been defined in numerous ways by various authors. Some of these definitions consider 'conformance to requirements' (Crosby, 1984), 'fitness for use' (Juran, 1988), and the factor that defines the current and future needs of customers. Crosby's views on quality fall in the first category (Crosby, 1984). He views quality as an important factor to the requirements of a business. Further, it is necessary to translate requirements into measurable product or service characteristics where requirements are stated in numerical specifications, enabling one to measure a product (e.g.; diameter of a hole) or service (e.g.; customer service response time) and see its desired quality.

Each requirement must be clearly and unambiguously stated with a verifiable outcome in order to clearly determine whether the requirements have met or not. One of the Crosby's main contributions to quality was the set of four absolutes based on quality management. This contributed a deep insight to the philosophy of quality. The following summary presents the four absolutes:

1. **Quality is conformance to the requirements**: Every action in an organization is oriented towards producing a product or service. The organization has to deal with the requirements of the customers and look that they are met and agreed. The motto "do it right the first time," should be clearly communicated by the management to the people. This should be achieved through proper leadership, capacity building and a conductive environment.

2. **The system of quality is prevention**: In this regard the systems that produce quality are referred as prevention (i.e., eliminating errors before they occur). Crosby determines that training, discipline, example and leadership yield prevention. Management must consciously commit to a prevention-oriented work environment.

3. **The performance standard is "zero Defects" ("does it right the first time")**: Crosby's does not agree with the 'close enough' attitude. He regards error to be too costly and should not be ignored. The conforming process to requirements should be directed by an efficient leader. This can be done by allocating resources for training, efficient time management, tools, etc., to all employees.

4. **The measurement of quality is the price of nonconformance**: While diagnosing the effectiveness and efficiency nonconformance serves as an important tool for the management. The difference in the price of nonconformance and the price of conformance brings out the cost of quality (COQ). The price of nonconformance is the cost of doing things the wrong way might account to a loss. On the other hand, the price of conformance is the cost of doing things right. Thus, a manager should try to identify the cost of quality and where it occurs (Crosby, 1979).

This helps the management to focus on quality improvement. Besides this it also helps them to make a shift from conventional wisdom (if quality goes up, so does the cost) to the idea that quality and costs are independent of each other (Crosby, 1979). Crosby opines, as quality increases, cost decreases thus, quality does not cost. This rational led to the famous phrase, "Quality is free, but it is not a gift'' (Crosby, 1979).

To implement the quality improvement process, Crosby advocated a 14-step approach consisting of activities at the top management, with the involvement of the bottom level employees. The 14 steps represent the techniques for quality improvement and communication of the four absolutes. They are as follows:

Crosby's 14 steps

1. Management commitment
2. The quality improvement team
3. Quality measurement
4. The cost of quality
5. Quality awareness
6. Corrective action
7. Zero defects planning
8. Quality education
9. Zero Defects Day
10. Goal setting
11. Error-cause removal
12. Recognition
13. Quality councils
14. Do it over again (Crosby,1987)

Quality Vaccine:

The problems as per Crosby are bacteria of nonconformance which is required to be vaccinated with antibodies in order to resolve the issues (Crosby, 1984). His mix of a "quality vaccine" consists of three distinct management actions –*determination*, *education*, and *implementation*. The top-level management is fully responsible for continually administering the efficient implementation of the "vaccine". When the need to change is identified and forced by the management *Determination* surfaces. *Education* forms the part of providing a common language of quality to the employees. This is done with a view to help them understand the role of quality improvement process. Further, this also helps them to develop a knowledge base for preventing complications. The final action is *implementation* where development of plan in consideration with the available resources and business environment is strategized.

Quality has also been defined on the basis of "fitness for use", where a balance between product *features* and products *free* from *deficiencies* is focused (Juran&Gryna, 1988). The term *feature* stresses out on the technological properties of a product designed to meet the customer needs not on the luxury dimension of an item. Services possess other facets such as promptness of delivery and extended courtesy to the customer. Juran also states quality to be products or services free from any deficiencies (e.g., errors in invoices, factory scrap, and late deliveries). This dissatisfies the customers and they lose interest towards the company in the future. Juran's definition is oriented towards meeting customer's satisfaction. He believes that anyone affected by the product is considered to be a customer. This includes two groups namely, internal and external customers. The internal customers are those who deals with the product during its developmental stages whereas external are the ones who deals with the finished product (Juran&Gryna, 1988).

Quality has also been defined in multi phases and due focus is given on customer needs. Customer needs are met with structured research based on inferences of applied statistical analysis. A through use of quantitative techniques and methods bring out better observation which helps in deducing the customer needs to perfection (Deming, 1986). These are explained with the help of following points:

1) A predictable degree of uniformity resulting from reduced variability.
2) Lower cost and
3) Suitability from the market (Lowe&Mazzeo, 1986).

The difficulty in achieving quality is further characterized as quoted by Deming, "The difficulty in defining quality is to translate future needs of the user into measurable characteristics, so that a product can be designed and turned out to give satisfaction at a price that the user will pay". Further, a systems and leadership approach decipher the elements to quality (Deming, 1986). These concepts are as follows:

1) The "System of Profound Knowledge",
2) The "Plan-Do –Check-Act Cycle,"
3) "Prevention by Process Improvement,"
4) The "Chain Reaction for Quality Improvement"
5) "Common Cause and Special Cause Variation",
6) The "14 points," and
7) The "Deadly" and "Dreadful Diseases".

2.2. What are services?

A service is defined as a change in the condition of a person, or of a good belonging to a certain economic unit, with the prior agreement of the former person or economic unit (Hill, 1977). Services are defined as the component of a wider concept of products which are limited to acts, deeds and efforts (Lovelock, 2005). Moreover, service is also time based where the outcome to it may result in a desired change in a consumer preference (Lovelock and Wirtz, 2007). Service has also been described as a process resulting from a partly simultaneous production and consumption process (Grönroos, 2000). As indicated by Kotler (2006) a service is any act or performance that one party can offer to another that is essentially intangible and does not result in ownership of anything. Its production may or may not be tied to a physical product. Hence, services are regarded as deeds, process and performances which are provided or coproduced by an entity or person for another entity or person (Zeithaml&Bitner, 2011).

Services have been attributed to various features such as inseparability, intangibility, heterogeneity and more recent "benefit not ownership" (Kotler& Keller 2006, Lovelock &Wirtz 2007). The fundamentals of service since the 1980s have been regarded to be different from goods (Scheneider, 2000). The four core features viz. intangibility, inseparability, heterogeneity and perishability provide the foundation of service marketing, which are different from goods marketing (Fisk, Brown &Bitner, 1993). Delivery of service also depends on the producers (in this case Banks) who are not always able to maintain homogeneity (Langeard, et al., 1981). Intangibility is not the lone common difference between good and services but also serves as a serious distinction from which all other difference comes out (Bateson, 1979). This cannot be grasped mentally. This also serves as a challenge to store service and protecting it through patents. Services are generally parallel as they are produced and consumed at the same time, in the presence of the consumer. This makes mass production very difficult.

The customer fulfillment with an excellent service depends on what happens in real time which includes action of employees and interaction with the customers (Bitner, 1996). This forces the buyer to be in close contact with the production process (Carmen &Langeared, 1980; Norman & Ramirez, 1993). Inseparability feature also means that the producer and the seller are the same entity (Upah, 1980). This causes marketing and production to be highly interactive (Grönroos, 1978).

Heterogeneity in this context means that no two services are exactly alike. It can differ from quality and strength, from customer to customer, from producer to producer and from time to time. Quality as behavior and performance not only varies among service workers but also between the same employee's interaction, from a customer to another one (Bessom and Jackson, 1975). This holds a challenge in maintaining steady quality. The perishability nature of services also makes it difficult to store (Thomson, 1978). This makes it difficult to reproduce later at the same intensity (Edgett& Parkinson, 1993; Zeithaml, Bitner and Gremler, 2005; Lovelock and Wirtz, 2007; Kotler and Keller, 2006).

However, the IHIP (Intangibility, Heterogeneity, Inseparability and Perishability) characteristic of services has also been criticized. Lovelock and Gummelson (2004) poignantly states in this regard that “As a paradigm, the notion that the four IHIP characteristics make services uniquely different from goods is deeply flawed”. The reasons have been given in two folds. Firstly, the focus of service marketing has changed drastically and secondly the development of information technology with regard to communications has advanced dramatically. The previous domain of service marketing research focused primarily on personal services which involved a low-tech high touch services (Bowen, 2000). Beside this, Rust (2000) also perceives that more and more change in general conditions in consideration of technological advancements. This makes the applicability of IHIP characteristics highly debatable in today’s period. For instance, the inseparability of production, consumption and perishability of services is achieved by processes based on technology. For example, interactive web-based lectures in distance learning or minimal invasive surgery allowing physicians to operate from distance are such type of services (Beaven and Scotti, 1990; Grönroos, 2000; Lovelock and Gummesson, 2004). The experience to service is an outcomes of interaction between various organizations, interrelated with systems, processes, service employees and customers.

A research in marketing and management has examined customer satisfaction with numerous service experiences (Suprenant& Solomon, 1987; Bitner et al., 1990; Zeithaml et al., 1990; Arnold and Price, 1993; Bitner et al., 1994; Keaveney, 1995; Ostrom and Iacobucci, 1995). It has been advocated that organizations view service to customers as ‘partial’ employees (Mills et al., 1983; Bowen, 1986; Mills and Morris, 1986). This ideology extends the boundaries of the service organization to incorporate service recipients as temporary members. Customer inputs are recognized much like employees who help in the organization’s productivity. This impact both quality and quantity of the inputs and the resulting output (Mills et al., 1983). Taking an example of diagnosis of ailments, patients form a part of healthcare organization in the service production process. If the information is accurate and is within time, this will help the physicians in becoming more efficient and effective in treating the ailments. Therefore, patients form a part of the quality process in determining the outcome of the service in an acceptable manner. If the treatment by the physician is successful, they are less likely to visit for a follow up treatment which will increase the productivity of the healthcare organization (Zeithaml et al., 1997).

Participation of customers in service production also raises some issues for certain organizations. Since, customers can influence the quality and quantity of production; some opine that delivery system should be kept isolated from customer inputs with a view to reduce uncertainty in the production process. A less customer interactive production system is more likely to bring more efficiency in the service production process (Chase, 1978). ATM machines and automated customer service telephone lines are both examples which suggest a way to reduce direct customer contact in the industry, resulting in greater efficiency and cost reduction.

A section of experts believe that efficient delivery of services is only possible if customers are treated as partial employees. Their roles are defined with an objective to maximize the productivity of service creation process. The crux behind this is that organization's productivity may increase if customers learn to perform service related activity more effectively (Mills et. al., 1983). Here, an extreme case would be when a full self service is produced by a customer for himself without any support from the organization (employees and so forth). The customers can also play another role by contributing to their own level of satisfaction in determining the quality of the service they receive. However, customer might not care their participation for increasing the productivity of the organization. Rather, they are more interested in fulfilling their needs. In true sense effective customer participation can increase productivity and the likelihood of benefiting the fulfillment of customer needs. This is predominantly apparent for services such as health care, education, personal fitness, weight loss and others where the service outcome is highly dependent on customer participation.

2.3. Service Quality: SERVQUAL Mode:

Quality of service is intangible, heterogenic and inseparable making it difficult to measure and comprehend (Parasuraman et al., 1985). In the past few decades, researchers (Garvin 1983; Parasuraman et al., 1985, 1988; Carman 1990) have defined and measured quality of service by examining various attributes. On the other hand, others (Oliver, 1993; Bitner and Hubbert, 1994; Iacobucci et al., 1994; Parasuraman et.al., 1994) have focused on the application aspect of service in order to conceptualize the relationship between service quality and customer satisfaction. Thus, making it one of the most debated topics in service marketing literature (Brady and Cronin, 2001). Quite a lot of researchers pointed out that service quality are difficult to measure as it is an elusive and abstract construct (Garvin, 1983; Parasuraman et al., 1985, 1988; Carman, 1990).

In this respect Parasuraman et al., (1985) built a model based on the works of Grönroos (1984) and Oliver (1980). The model focused on the "expectation–performance" gap. In this model, service quality is described as the inconsistencies between the perceptions of the customers with regard to service received and anticipated service quality. The discrepancies between the expected performance and perceived performance are called as gaps. This elucidated the argument and the model was named as the gap model. In 1988, Parasuraman and his co-authors under the leadership of Zeithaml reviewed the former model of 1985. Thus, they named the 1988 model as the extended gap model.

The model is conceptualized on five sources of gaps in service quality:

1) Discrepancies between consumer's expectation and management perception of consumer satisfaction.
2) Difference between management perception of consumers' expectation and service quality specification.
3) Difference between service quality specification and service delivery.
4) Discrepancies between actual service delivery and communicated service delivery.
5) Discrepancies between consumer expectation of service and consumer perceived service.

The SERVQUAL model originated in 1985 under Parasuraman's, Zeithamal's and Berry's leadership. Although, it was developed in 1985 but was later more refined in their subsequent work (Parasuraman et al. 1988). SERVQUAL serves as a standard and reliable tool for measuring the quality of services across different service sector (Curry and Sinclair, 2002). Originally SERVQUAL had ten dimensions of service quality. These were tangibility, reliability, responsiveness, competency, courtesy, communication, credibility, security, access and understanding the customer. However, in 1988, these were cropped to five (Parasuraman et al. 1988). They are tangibility, reliability, responsiveness, assurance and empathy. Tangibles denote the physical environment of the service provider. Reliability refers to the ability of the service organization in delivering the service dependably and accurately. Empathy is about the special care and attention given to individual customers while being served. Responsiveness relates to the preparedness of the service provider in order to assist customers and render a quick or prompt service. Assurance refers to the knowledge and courteous attitude of the staff and their ability to instill trust and confidence in the customers (Parasuraman et al. 1988).

Empirical studies in the Banking Industry using the SERVQUAL Model:

Empirical studies in various industries using SERVQUAL:

Mei et al. (1999) analyzed service quality in the Hospital Industry where the dimensions of service were measured by the SERVQUAL scale. This study included eight new items pertaining to the hospitality industry. The findings of the study indicate that service quality has three dimensions in the hospital industry with regard to the employees (behavior and appearance), tangibles and reliability. The most important factor is the improvement in the behavior and appearance of the employees which most likely enhances consumer perceptions of the service quality. Another study conducted by Butt and Do Run (2010) in private healthcare in Malaysia also uses SERVQUAL model for measuring the service quality. The findings indicate a moderate gap in service quality scale dimension. Similarly, Ali et al. (2018) also measures the quality of service in Indian Private Hospitals using SERVQUAL scale. The results indicated the perceived performance and expectation of Indian patients. The patients indicated best satisfaction in certain dimensions of services viz. tangible dimension, empathy dimension and responsive dimension.

The SERVQUAL model has also been applied in measuring the service quality of Hotels in Bengaluru, India. The study identifies gaps between the expectation of the customer and perception of the services they receive. The findings also indicate that a five-dimensional structure of SERVQUAL model is very effective in identifying the gaps. As quality is a subjective issue and is perceived variedly by different customers, a sincere effort must be made by the employees to deliver it in an ideal manner as decided by the company (Sunil et al., 2018).

Empirical studies in Banking Industries using SERVQUAL:

SERVQUAL model has also been applied in banking industry. Johnstone (1995) investigates the determinants of satisfaction and dissatisfaction of the customers of a Bank in United Kingdom. The determinants of satisfaction identified in the study are viz. attentiveness, responsiveness, care and friendliness and whereas determinants of dissatisfaction are integrity, reliability, responsiveness, availability and functionality. Among this, responsiveness is identified as a key determinant and a frequent source of satisfaction. The lack of it is the main source of dissatisfaction (Johnstone, 1995). Another study was conducted which identifies the critical determinants of service quality in retail banking. The study is based on 200 responses of bank customer in UK where the impact of service quality is assessed (Johnstone, 1997). The study also found responsiveness to be an important factor in service quality. The speed of information processing is also likely to have a positive influence on customer satisfaction. Other factors such as functionality of machines, reliability of transactions and integrity of staff also holds a key in better customer satisfaction (Johnstone, 1997). Two areas serve as an advantage for the banks for customer satisfaction, the commitment and attentiveness in service delivery process. Another study on service quality and customer satisfaction in USA and South American Countries indicates the theoretical and practical perception of potential strengths and limitation of Service Quality models in relation to the ability to explain the quality relationship (Lassar et al., 2000).

In studying the service quality in banking industry of Greece, Arasli et al. (2005) used SERVQUAL model and found that the expectations of the bank customers were not met. In relation to this the largest gap was observed in the responsiveness empathy dimension. Reliability The highest effect on customer satisfaction was reliability dimension, which also had a significant impact on the positive word of mouth. Ladhari (2009) assessed the psychometric process of SERVQUAL model in banking Industry of Canada. The results indicate that responsiveness and empathy are the most important dimensions of overall Service Quality. This made the frontline employees the most important factor in service delivery. Similarly, Ravichandran et al. (2010) also studied the influence on Service Quality with the application of SERVQUAL model. The findings indicate that overall satisfaction of bank services for the customers depends on the responsiveness. An empirical investigation by Arora and Arora (2015) on Service Quality dimensions in Commercial Banks of India indicates that customers identify four dimensions of service quality. These are viz. customer friendliness, trust worthiness, assurance and tangibles. Thus, the bank managers should identify these dimensions and work in the favorable position of the banks by inducing better customer satisfaction. Paul et al. (2016) studies the impact of service quality in private and public sector banks of India. The findings indicate that in private banks knowledge of products, response to needs, solving questions, fast service and efforts for reducing que time were found to be certain important factors which are positively associated with satisfaction. However, in public sector banks only knowledge of the product and fast services are the factors which are positively associated in satisfaction. In a study in Pakistani Banks implementation of technology also serves as a variable for customer satisfaction (Ahmed et al., 2017).

The banks with a better online banking structure will also have a competitive advantage. Chakrabarti et al., (2017) studied service quality using text mining in private sector banks in

India. The results indicate that responsiveness and tangibles dimensions have a significant impact on the ratings of the users. The three largest private banks in India have been concentrating on the dimension of tangibles; however, all of them are not sufficiently focusing on the responsiveness dimension. Yilmaz et al. (2018) also investigates the relationship between service quality dimensions, customer satisfaction and loyalty in banks of Turkey using Structural Equation Model. The results show that that the confidence inspired by the banks; reliability of their services, physical appearance and accessibility of the bank all have an effect in increasing customer satisfaction.

2.4. The SERVPERF Model:

According to the gap model the degree and direction of a gap determines the magnitude of service quality, although few researchers have different opinion in this aspect. It has been seen that even if the service quality is the gap between expectation and performance, service quality should be conceived as the attitude of customers towards the service. Further, conceptualizing service quality as an attitude makes it practicable for measuring service quality by evaluating the importance of the specifics in a service that are relevant to customers' perception of service quality or by evaluating customer perceived performance about the specific facets of the service (Cronin & Taylor, 1992). They concluded that measuring service quality as an evaluation of customers' perceived performance is a better indicator of service quality than measuring service quality as the gap between expected performance and perceived performance. Thus, this made them develop a measurement instrument based on evaluating perceived performance only. This was named as the "SERVPERF" as against the SERVQUAL instrument which was based on expectation and performance gap theory (Cronin & Taylor, 1992). The SERVQUAL has been one of the tools for measuring the quality of services. Buttle (1996), claims SERVQUAL is for measuring and managing the quality of service. Asubonteng et al., (1996) also agrees with this and comprehends the use of the model for measuring service quality from a customer point of view. This has also been supported later (Baumann et al.,2007).

Empirical studies using SERVPERF in Banking:

Angur et al. (1999) studied service quality of the banking industry in the developing economy of India. The study is based on data of customers of two major banks. The results indicate a multi-dimensional construct of Service Quality and suggest that SERVQUAL scale provides greater diagnostic information than the SERVPERF scale. Although both of them have identical convergent validity, SERVPERF appears to have higher discriminate validity than SERVQUAL. Beerli et al., (2004) studies customer loyalty in the retail banking market which identifies the key factors that influences the extent to which customers are loyal towards their banks. SERVPERF scale was used to measure the perceived service quality. This study proposes a structural equation model enabling to reach the conclusions based on satisfaction together with personal switching cost are antecedents leading directly to customer loyalty and satisfaction.

Vanniarajan andAnbazhagan, (2007) used SERVPERF in retail banking which identified four dimensions of service quality in the financial service industry viz. reliability, responsiveness, assurance and tangibles. This forms the area of customer’s evaluation. The results indicate that the perception of customer of service quality factors in private sector banks are higher than in the public sector and co-operative banks. In Sri Lanka, Ushantha et al. (2014) studies customer perception on service quality in the direction of satisfaction with the SERVPERF model. The results show that consumers have a higher level of positive perception of SERVPERF. There was a significant contribution of all the dimensions viz. reliability, assurance, empathy, tangibles and responsiveness. Further, there is a strong positive linear relationship among overall service quality and customer satisfaction in the State Banks of Sri Lanka. Nham&Phan (2015) studies the impact of service quality on customer satisfaction in relation to the use of automated teller machine service in Vietnam. The study uses SERVPERF framework to analyse the data and found that assurance and tangible factors have a significant impact on customer satisfaction. Similarly, Bijum (2017) studies the dynamics of service quality in the Indian banks. The study finds that tangibles and assurance are the foremost dimensions of service quality. However, both the parameters of responsiveness and empathy show a lower level of satisfaction among the customers. The study suggests that apart from ensuring the trust of customers, banks should improve the operations in providing advanced technological services to the customers with easy access and instant delivery. In another study, Lotko et al. (2017) studies the quality of banking service with the use of SERVPERF model. The analysis shows that there is big quality gap in the tangibles dimension.

2.5. SYSTRA-SQ:

SYSTRA-SQ is a new instrument for measuring bank service quality. Nearly two decades ago, Grönroos (1978, 1982, and 1983) proposed that customers' overall evaluation of service quality (SQ) were a result of assessment of two dimensions. He described them as functional and technical SQ. This has an impact on the organization's image. Further, he proposed that customers compared their expectations to the experience of SQ in establishing their judgments. Grönroos (1984) has defined SQ as "The perceived quality of a given service will be outcome of an evaluation process, where the consumer compares his expectations with the service he perceives he has received, i.e. he puts the perceived service against the expected service". Thus, the result of this process is perceived as the quality of service (Grönroos, 1984).

A customers' perception of the service encounter considers three dimensions (Grönroos, 1993), they are:

1) Process, or functional, quality;
2) Outcome, or technical quality; and
3) The image of the service provider.

Grönroos (1978, 1982, 1983, 1984, 1990, and 1993) has been consistent about the assumption of dimensions of SQ across the periods. He describes these three dimensions as distinct but interrelated. Technical quality is the outcome of an exchange process, i.e. what is received by the customer. The functional quality is the exchange process of how the service is provided, including all interactions between the organization and customer (Grönroos, 1982 and 1983).
The Functional Service Quality (FSQ) dimension consists of seven attributes. These are employees':

1) Behavior,
2) Attitude,
3) Accessibility,
4) Appearance,
5) customer contact,
6) internal relationship, and
7) service-mindedness

The Technical Service Quality (TSQ) dimension has five output attributes. They are employees' technical ability, employees' knowledge, technical solutions, computerized systems, and machine quality (Grönroos, 1982, 1983).

The third dimension of SQ, image is described by Grönroos (1982) as the perception of customer towards the supplier. The image of the service firms acts as "a filter" (Grönroos, 1993). Further if the firm's image is decent in the mind of a customer, problems with the outcome, or the process, are likely to be excused by the customer. However, if the problem continues the image of the company will eventually suffer. In an advent of a negative image, problems with quality are most likely to be perceived worse than their exact reality.

Empirical studies using SQ model:

The ideas of Grönroos on SQ have been further studied in various research papers (Howcroft, 1993; Holmlund&Kock, 1996; Ennew&Binks, 1999). These studies have presented new models of SQ in retail banking (Mersha&Adlaka, 1992; Ennew et al., 1993; Avkiran, 1994). Howcroft's study uses Grönroos's model by classifying focus groups where bank employees were asked to describe their understanding of "quality customer service" (Howcroft, 1993). Besides this, a third dimension was added with regard to technical and functional quality, i.e. economic quality (Holmlund&Kock, 1996). It was defined as "the value that a customer receives in a relationship and comprises elements like profitability and productivity" (Holmlund&Kock, 1996). It was further examined on a rural Finnish retail-bank, where it was found that bank customers were unable to identify any technical SQ problems. All problems were of an economic or functional kind (Holmlund&Kock, 1996). Later, Ennew&Binks (1999) used Grönroos model in analyzing the relationship between customer and bank employee participation with regard to customers SQ perceptions, satisfaction, retention, intention and behavior.

Mersha and Adlaka (1992) used Delphi technique on a group of MBA students for generating attributes of SQ. The study identified 12 attributes which were later transformed as scales for quantitative analysis. Among these 12 attributes one was retail banking. One argument was that it lacked a broader customer group database. They also claimed that these attributes were similar to the earlier five dimensions of SQ (Berry et al., 1990). A measure related to perceived SQ was also developed for the assessing the relationship between small businesses and banks in a study. It was

Comment [p4]: Berry, L. L., Zeithaml, V. A., &Parasuraman, A. (1990). Five imperatives for improving service quality. *MIT Sloan Management Review*, *31*(4), 29.

observed that the existing dimensions for measuring SQ were inadequate with no proper explanation on 11 SQ attributes (Ennew et al., 1993).

The research conducted by Avkiran (1994) in the context of Australia can be regarded as the most conclusive study in this area. The study developed an instrument based on utilitarian multi-dimensions for measuring customer-perceived quality in retail branch banking. SERVQUAL was used in the beginning where other items were added in developing bank SQ attributes. The six factors comprising of 27 items were reduced to four factors containing 17 items (Avkiran, 1994). The final SQ dimensions were:

- Staff conduct
- Credibility
- Communication; and
- Access to teller services.

2.6. Criticism of SERVQUAL

There are many criticisms to SERVQUAL.Buttle (1996) has criticized SERVQUAL from a number of theoretical and operational perspectives. These are discussed below:

The Theoretical part is explained as:

- SERVQUAL is based on disconfirmation paradigm rather than an attitudinal paradigm, where it fails to comprehend on established economic, statistical and psychological theory.
- Gaps model is also discussed where there is a negligible evidence of customer assessment of service quality in terms of Performance-Expectation (P-E) gaps.
- With regard to Process orientations, SERVQUAL prioritizes on the process of service delivery and not on the outcome of the service encounter.

Operational aspects are explained as follows:

- Expectations are polysomic in nature. Consumers evaluate using standards other than expectations while evaluating SQ. Whereas SERVQUAL fails to measure absolute expectations of SQ.
- Moreover, four or five items are not enough to measure the variability within each SQ dimensions.

- Respondent error occurs due to polarity of items.
- The seven-point Likert scale has numerous shortcomings.

A different concern has been raised by Anderson (1992) where he objects to SERVQUAL's failure to draw on previous social science research, particularly based on economic, statistics and psychological theory. The work of Parasuraman et al. (1988) is highly inductive as it considers historically situated observations to arrive at a general theory. Nevertheless, it has been claimed by Anderson (1992) that they have abandoned the principle of scientific continuity and deduction. The criticisms are explained specifically in the following section:

First, Parasuraman et al. (1988) do not includes costs incurred for improving service quality. Second, the data collected on SQ are based on ordinal scale (Likert Scale) whereas the analysis is performed with tools which are more appropriate for interval scale (Factor Analysis). Third, Parasuraman et al. (1988) has tremendous limitation in using statistical methods. The use of ordinal scales in their study limits calculations which hinder better results and inferences. For example, SERVQUAL studies cannot answer question such as: Is there any elasticity among the quality dimensions? Or whether customer value improvements are linear or non-linear function? Fourth, the study fails to draw any hard conclusion on the literature of perception. Further it is alleged that the dynamics of changing expectations is not captured by SERVQUAL. Since, consumers learn from experiences changing expectations are an important variable for studying the characteristics of quality perception. Parasuraman et al.'s major inference is that expectation rise over time as well as may also fall over time (e.g. in the health service setting). For instance, a particular score in 1986 may not necessarily mean the same in 1996 as new and other variables might also contribute significantly. The criticisms are based on the value and meaning of gaps recognized in the disconfirmation model.

The use of gap approach is also suspected to provide no additional information beyond the already contained information of perception in SERVQUAL scale. The dominant contributor in the gap model is the perception score. This is because of the generalized response tendency to rate the expectations high (Babakus&Boller, 1992). Another criticism is that SERVQUAL focuses on the process rather than the outcome of a service delivery, thus questioning the formulation of Parasuraman et al.'s SQ model (Mangold&Babakus, 1991; Cronin & Taylor, 1992; Richard &Allaway, 1993). The critics also range from dimensionality of SERVQUAL scale. The concern is over the consistency with the number of dimensions and the stability from various contexts.

Another opinion is that SQ holds a second order construct on the basis of factorial complex as it is composed of several first order variables. The composition of SERVQUAL is built upon five RATER factors although there are several alternative notions of SQ. As discussed, Grönroos (1984) identified three components viz. interactive, physical and corporate quality. On the other hand, Leblanc and Nguyen (1988) lists five components viz. corporate image, internal organization, physical support of the service producing system, staff/customer interaction, and the level of customer satisfaction. Similarly, Hedvall and Paltschik (1989) identified two dimensions viz. willingness, ability to serve and physical, psychological access.

2.7. What is Bank?

Banks are Financial Institutions that act as the backbone of the Financial System, as they connect the savers to the borrowers. In other words, they act as an intermediary for provisioning financial services. The activity of Banking refers to the provision of providing financial services. In general, bank services comprise of maintaining accounts, accepting deposits, advance loans and so forth (Admati&Hellwig, 2014). The service of banks has evolved in such a way that the dependency of trade and commerce has increased to make payments, purchase goods and services. Other additional services such as foreign currency exchange, remittance services and many more are also included in a specialized system (Johanees, 2005).

Comment [p5]: Admati, A., &Hellwig, M. (2014). *The Bankers' New Clothes: What's Wrong with Banking and What to Do about It-Updated Edition*. Princeton University Press.

A banker's job relates to providing a customer with financial services. This has a wide range benefits from financing business to managing a salary account which help people. On the greater context it helps the economy to grow and develop. However, with the advent of technology the traditional banking system worldwide has changed dramatically. With rising competition and survival of the fittest strategy many banks have successfully absorbed this technological change. Many however, are still under the process of implementing a full technological approach (Pikkarainen et al., 2004). This has many repercussions on the bankers at the bottom level while dealing with the customers. Certain issues such as digital divide, skill upgradation and so forth have surfaced as inconveniences to the average banker especially in a country like India. This gives customer satisfaction a whole different dimension to ponder upon. There is no literature on bankers' inconvenience which makes this study one of its kind. Perhaps, before digging into that, it would be wise to know what are the services associated with banks in order to understand the magnitude of inconveniences a banker might experience.

Comment [p6]: Pikkarainen, T., Pikkarainen, K., Karjaluoto, H., &Pahnila, S. (2004). Consumer acceptance of online banking: an extension of the technology acceptance model. *Internet research*, *14*(3), 224-235.

Banks offer range of services in the modern era. The most familiar type of banking is **Retail banking**. This kind of bank provides money services to individuals and families. **Commercial**

bank focuses on business. Most retail banks also offer commercial banking services. **Community banks** are smaller than commercial banks. They concentrate on the local market. They provide more personalized service and build relationship with the customers. **Investments banking traditionally were** provided by small, privately owned companies. They helped corporations find funding through initial public stock offerings or bonds (Pritchard, 2018). The primary functions of a bank are also known as banking functions. They are the main domain for the bank. They are as follows:

Comment [p7]: Pritchard, J. (2018, August 06). Get Up to Speed on the Most Common Types of Banks. Retrieved August 18, 2018, from https://www.thebalance.com/types-of-banks-315214

a. **Accepting Deposits**: Saving deposits, fixed deposits, current deposits and recurring deposits.

b. **Granting of loans and advances**: Overdraft, cash credit, loans, discounting of bill of exchange.

The bank also performs a number of secondary functions, also called as non-banking functions. They are:

c. **Agency functions**: Transfer of funds, collection of cheque, periodic payments, portfolio management, periodic collections are agency functions.

d. **General utility functions**: Issue of drafts/letter of credit, locker facility, underwriting of shares, dealing in foreign exchanges, project reports, social welfare programs (Pritchard, 2018).

Banker Inconvenience can be defined as the challenges faced by the bankers in delivering their services to the customers. Here in this study inconvenience is associated to the bottom level employees such as tellers, single window operators, service managers, loan officers, cross sellingstaffs and branch managers. These are the employees in a bank who deal directly with the customers. The upper level employees have less interaction with the customers due to which their inconveniences will not hinder the customer satisfaction directly. Since satisfaction in this setup deals with one on one experience hence the bottom level employees will serve the purpose of identifying various inconveniences which might hamper customer satisfaction and service quality. The study is unique in nature as not a single literature or research deals with bankers' inconvenience. Further, this has not been studied in association with customer satisfaction and service quality. There are certain blogs and individual experiences of bankers which are available in the internet; however, a comprehensive well-structured overview is missing. This study attempts to fill this gap and construct an overview depicting the inconveniences faced by the bankers in delivering their service to the customers and maintain service quality. The first part is explained from a general point of view, where all the banking staff is involved. Further, the Inconveniences faced by a Banker can be explained in two aspects. One at a managerial point of view i.e. inconveniences faced by a Bank Manager. The other, from the services staff point of view i.e. tellers, single window operators, service managers, loan officers and cross selling staffs.

2.8. Customer Satisfaction:

Universally satisfaction refers to the attitude or evaluation of a customer based on the comparison of their expectation to the perception of actual performance they receive (Oliver, 1980). Further, Satisfaction has been defined as a perception or judgement based on post evaluation of a utility relating to a specific purchase decision (Oliver, 1980; Churchill &Surprenant 1992). The literature on service quality states that customer satisfaction is "what they feel the service provider should offer rather than would offer" (Parasuraman et al., 1988) or expectations based on desire or wants of the customers (Zeithaml et al., 1993). Satisfaction is also based on customer perceptions. Customer perceptions have been defined as "the customer judgment of the service organization's performance" (Llosa et al., 1998 as cited in JIBR, 2008). Customer satisfaction has also been defined in the context of determining the customer requirement and successfully fulfilling them (Gaither, 1994). Kotler has defined satisfaction as a feeling of pleasure or disappointment which results from a comparison of actual performance (outcome) in relation to the expected performance (Kotler, 2000). Customer satisfaction has also been defined on the basis of attributes in relation to level of satisfaction of customer from highly satisfied to lowly satisfied customer (Kotler, 2001). The attributes of a highly satisfied customer are constructed upon loyalty, duration and purchasing habit where they are high in all the aspects. This is more relevant when the company introducing new products and upgrades existing products. A highly satisfied customer speaks in favor of the company and its products and pays no heed to the products of the competitors. They are less sensitive to price and further provide valuable feedback to the company in developing the products (Kotler, 2001).

In another instance Kotler and Armstrong (2001) describes customer satisfaction as the degree to which the perceived performance of a product is matched with the anticipation of the customer. If the expectation fails or falls short, this will lead to dissatisfaction of the customers. On the other hand, if the expectations are met or exceeds, the customer is highly satisfied and regards valuably for the company's products (Kotler and Armstrong, 2001). The theory that customers evaluate their expectations based on experiences of the past, gives a practical picture for a variety of business (Priest, 1998). In frequent cases customer expectations are not realistic and are vague in nature. Especially it is too difficult to evaluate the expectations based on service business. Satisfaction solely depends on customer expectation which is based on the perception of the provider of what the customer's expectations are or should be. Moreover, satisfaction depends on the dialogue between the user and provider (Bellini, 2002). Even with high unreasonable expectations, customer satisfaction is still a belief of fair treatment by the service provider to the customer (Hunt, 1991). Thus, the main construct in customer satisfaction is perception and expectation in contrast to the realization of the actual reality of a product or service (Zeithaml et al, 1993).

Comment [p8]: Bellini, N. (2002, April). Perceived quality in the delivery of Business support services: a conceptual framework with practical implication. In *European seminar on support services for micro small and sole proprietor's businesses*.

2.9. Customer Expectation:

Customer expectation is defined as the feeling of what a service provider should offer rather than what is actually offered (Parasuraman et al., 1988). It is also explained as the desires or wants of consumers (Zeithaml et al., 1993; Parasuraman, 1993). Expectations are dependent of several factors. Many a times unrealistic high expectations occur particularly, when customers have a perception that the business service will solve their problem. This may be a consequence to the marketing activity and the strategies of a business. Often companies forget to concentrate on the core service quality i.e. the unique nature of their service offering. Thus, a kind of uncertainty occurs with wrong anticipating leading to breaking the trust (Lovelock &Wirtz, 2007). The dynamism of expectation has various factors associated to it (Grönroos, 2000). They are as follows:

1. **Fuzzy Expectations**: It relates to the expectation of the customer towards the service provider in solving a problem without having a clear understanding of what is required (Grönroos, 2000).
2. **Explicit Expectations**: It relates to an understanding of the customers as to what is to be done in advance. The expectations can be classified as realistic and unrealistic categories (Grönroos, 2000).
3. **Implicit Expectations**: It refers to the obvious service elements which are not consciously thought up by the customers as they take those for granted. These expectations may be relevant if they are not fulfilled. Hence, they should be made explicit and a more realistic approach should be considered (Grönroos, 2000).

2.10. Customer Perception:

Perception is regarded as the process which helps people to select, organize and interpret various information for drawing a meaningful picture (Kotler& Armstrong, 2001). Customer perception can be defined as the judgment of the customer about how service or product fulfill needs, wants and desire (Cadotte et al., 1987). Quality perceived is the assessment by the customer of a business's overall excellence or superiority (Zeithaml, 1988; Llosa et al., 1998). Customer perception in a service process can be divided in two dimensions viz. the process dimension where how the service process functions and the outcome dimension, where what the process leads to for the customer as a result of the process. They are termed as technical quality (The service process which leads in a technical sense) and functional quality (about how the process functions). In general, customers perceive quality within these two dimensions (Grönroos, 1982). As technical quality is an important characteristic for a good perceived quality however, this is not enough. The functional quality becomes visible to the customers once it is good enough. These further determine the perception of quality of the service in the minds of the consumers (Grönroos,1990). Nevertheless, customer perception to a large extent is inclined by the company's image in the eyes of the public. It serves as a filter which influences the perception of quality favorably, neutrally or unfavorably conditional on the customer's preference towards the service provider (good, neutral or bad) (Liljander, 1995).

2.11. Determinants of Customer Satisfaction:

The behavior of consumers is not predictable as their preferences are growing more complex (Harti, 2006). The characteristics of demand such as sensory, health, process and convenience are becoming more heterogenous. Each individual differs from one another which makes their perception unique (Smith, 2009). With regard to this many organizations have introduced a strategy for consumers to lodge complaints regarding a service which is believed to help the companies to have an in-depth knowledge about determining the level of customer satisfaction. This indirectly helps in understanding the service quality (Fornell, 2007).

However, all the customers will not lodge a complaint. They would rather choose to cease any relationship or dealings with the organization, even if it is nit at their advantage As indicated by Best and Andreasen, and Day et al and Hupperts cited in Lerman (2006:92),

The perception of consumer has affected the packaged goods industry as the companies place a clearer product in the market that is marketed (Assael, 1995). Many a time's consumers do not buy for their own purpose, but to acquire benefits that are offered with a product or service. Products primarily exist to fulfill the consumer needs. It is the vital feature that motivates the buyer to purchase a product or service (Boateng, 1994). Besides this sometimes, consumers often pick certain product or brand not only on the preference of the benefits of the product but also on the preference of exhibiting one's personality, social status, and affiliations. Sometimes it also helps the customer to fulfill psychological or physiological needs like a change or desire etc. (Kim et al., 2002).

The integral part of identifying satisfaction is based upon identifying dissatisfaction. Customers and even employees often hold valuable information which is required by a business to become successful. A thorough understanding of the reasons to dissatisfaction would help to implement changes which will retain customers. Dissatisfaction makes the customer go away. It is an important factor as customers often switches for other alternative services. The relationship based on satisfaction and loyalty is primarily divided into defection, indifference and affection based on low, neutral and high satisfaction levels respectively (SPSS White Paper, 1996).

If the switching costs are within the comfort zone of the customers, they will switch immediately towards other convenient alternatives. The customers who are extremely dissatisfied will have negative word-of-mouth against the service provider. This will hamper the image of the company. However, there is also a zone of indifference where customer willingly switch for a better alternative based on their preferences. The zone of affection refers to the highly satisfied customers, where they are loyal to the company and do not look for alternative service providers (Lovelock and Wirtz, 2007). Customer satisfaction has also been measured on a one item scale, which asks the overall feeling of the customers towards an organization. Although this approach loses richness of construct as it does not acknowledge the multi dimensionality of customer satisfaction like service quality (Cronin & Taylor, 1992).

Banks make desperate efforts to offer high quality products and services to the customers. The customers also want best value for money while selecting the best product or service (Strategic Directions, 2007). Once the company develops a positive image and good intention, it becomes difficult for other competitors to make the customers switch for their products. The companies with satisfied customers enjoy loyalty, repurchasing, increase sales; good word-of-mouth promotion etc. (He and Song, 2009; Sit et al., 2009).

Studies on customer satisfaction have been conducted since 1960. A customer behavior model was constructed which reveals that customer satisfaction results in repeat purchase

(Sprowls&Asimaw, 1962). Cardozos (1965) conducted a laboratory experiment which suggested that satisfaction largely depended on the effort put on by the customers to obtain the product and also on the expectation of the performance of the product. Customer satisfaction has also been defined as disconfirmation paradigm which refers to the result of expectation confirmation or disconfirmation. This also compares the actual and expected performance of the product (Churchill and Surprenant, 1982). Disconfirmation is further defined as subjective judgments of consumers which resulted from comparing the expectation and perception of received performance (Spreng et al., 1996; McKinney et al., 2002).Oliver (1980) has described the expectancy–disconfirmation approach as the process by which satisfaction judgments are established.

The overall customer satisfaction process is not static in nature. It changes once the service is delivered to the customer and he has experienced it. (Veloutsou et al. ,2005). The Communities Scotland (as cited in European Institute of Public Administration, 2008) has listed the following points with regard to the concept of satisfaction of the customers:

1) It is not static, but changes over time, new experiences and level of awareness will alter the potential levels of satisfaction that could be achieved.

2) It is likely to be complex and result of mix of experience before, during and after the point of which it is measured.

3) It occurs in social context which are varied and changing and may be unpredictable or inexpressible to the service user.

4) It may be difficult to express the reason for satisfaction; particularly where less tangible aspects of services are being considered.

5) It may be easier to express the reason for dissatisfaction, particularly if this is exceptional state.

6) Without understanding the causes of satisfaction, there is a danger that we might treat a good result as a reason not to change anything seeing it largely as a PR tool.

Customer satisfaction is not only linked with the view of the customer in respect of reliability of service but also the experience based on the service delivery process (Jamal and Nasser, 2002). High customer retention is an indicator for high customer satisfaction (Kotler, 2003). However, customer satisfaction alone is not adequate and cannot guarantee loyalty. Thus customers between 65 percent to 85 percent satisfaction levels, who opt for switching to other organizations, are satisfied customers (Reichheld, 1993).

According to Churchill &Surprenant (1982), as well as McKinney et al., (2002), disconfirmation theory emerged as a basic foundation for satisfaction models. The theory suggests that satisfaction is obtained by a difference between perceived performance and cognitive benchmarks such as expectations and desires (Khalifa and Liu, 2003). Customer expectation is also defined as the assumption based on the idea of the customer before purchasing a product or service (McKinney, et al., 2002). Expectations are regarded as estimation made by the consumers with regard to the experience of a service or product. Ideally when a service exceeds the expectation it generates a high level of satisfaction, loyalty and recommendations. However, on the contrary if the service is not at par with the expectation it adversely affects the image of the company. Customer loyalty and retention decreases, fall in revenue and a bad word-of-mouth occurs which hampers in the long run. Hence, firms have discovered that by increasing the level of satisfaction customer loyalty and profit can also be increased (Hekett, et al., 1997). Further, this shows the existence of an important association among customer satisfaction and customer loyalty.

Fig. 2.1 explains the process of satisfaction. The arrow from expectation to perceive quality indicates an increase or decrease in perceived quality along with expectations. There may be either confirmation or disconfirmation with the pre-purchase expectation. The extent to which perceived quality and expectation disconfirms is shown in the figure. Satisfaction has a positive association with expectation and the perceived level of disconfirmation. Hence, disconfirmation and perceived quality have a stronger influence on satisfaction (Oliver, 1980).

Therefore, customer satisfaction occurs when a product is acquired or services are provided with minimum negative withdrawal from expectation in comparison of other acquisitions. Further it may also occur when the marginal utility is equal or greater than the preceding acquisition (Blenel, 2005).

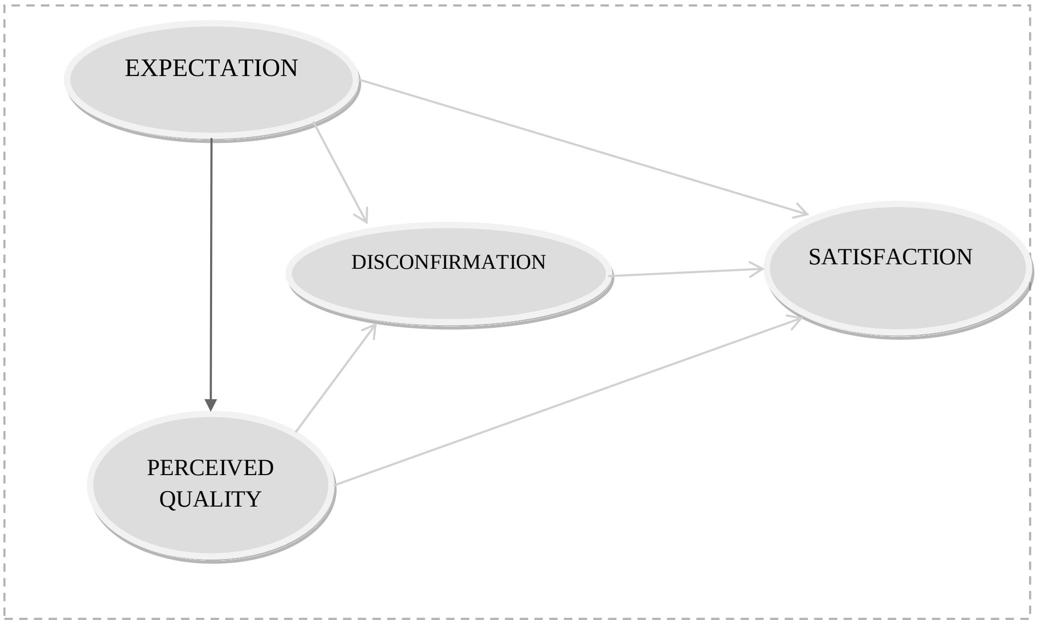

Fig. 2.1: Satisfaction Formation (Oliver, 1980)

Globally, the current trend shows numerous challenges in the service sector and they are under constant phase of dynamic change, while the loyalty of customer on the hand is decreasing and becoming more prices sensitive (Sigil &Christov, 2006). It is undeniable that a customer is the driving force behind the success of any company. This empowers their thought that they have the power to demand high quality service (Macdonald, 1995). This makes the companies to commit more resources and compete for retaining and expanding the customer base. Customer has also become more aware and sophisticated of the service available in the market. Accordingly, the expectation of the customers has risen and become more complex while choosing a service (Akan, 1995).

There are various factors that affect customer satisfaction. Let's look into this from service perspective of banks. A customer opens a savingsbank account with an anticipation to earn interest rates in comparison to other banks. He is less bothered about passbook, cheque or a debit card. If the interest is low the customers will be dissatisfied and leave for the bank account with a higher interest rate (Boateng, 1994). Although, there are other components of the marketing mix which can be improved and retain the customers (Sasraku, 2007). The characteristics of a product

Comment [p9]: This section can be taken to the top somewhere can be differentiated from others. This refers to the reliability and high performance of a product by a service provider which may increase customer satisfaction (Boateng, 1994).

The special features of a product can also differentiate it from others. For example, Standard chartered Bank introduced a saving account that offered a Life Policy Cover to the holder for all amounts in excess of ten thousand dollars ($10,000). This can be seen as introducing a feature to differentiate their saving account from those of their competitors. A customer at another bank who knows of this offer from standard chartered bank may leave his/her bank and join standard Chartered Bank to be able to enjoy this facility (Boateng, 1994).

Again when the interest rates, for example, charged on loans by a bank is high, customers may have difficulty repaying such loans and so may become dissatisfied and may leave to open accounts with other banks where interest on loans is low (Boateng,1994).

In the banking industry, packaging includes the treatment a customer receives on opening an account. Another service element that causes customer satisfaction or dissatisfaction is the people or the employees delivering the product or service (Covey, 2004). The employees occupy the first point of contact with the customer. Employee behaviors are therefore important to customers. If the employee is cold or rude the customer takes it as a measure of the state of the company. Unhappy employees will have difficulty in keeping customer's happy (Watson as cited in Dei-Tumi, 2005).He continued by saying that, "the external customer is the only boss because he can fire everybody in the company from the chairman down, simply by spending his money somewhere else."

A friendly employee or staff therefore adds to customer satisfaction and helps to promote the image of the organization in the eyes of the customers and the general public. However, some employees will do a better job of satisfying customers than will others regardless of the quality of training, reward and recognition programs afforded them (Boateng,1994). The service delivery process also plays a key role in customer satisfaction. When the process of service delivery is too long, it's lengthen customer waiting time. For example, if a cheque for an amount of twenty Ghana cadis has to be signed by two officials in the bank before payment is made, it causes delay and customers may get irritated for having to wait too long (Sasraku, 2007). Customers may even get frustrated with a reward programs so that rather than creating loyalty and goodwill, they actually breed dissatisfaction. Examples are, when customer feels they are excluded from a reward program because of low balance or volume of business, or if the rewards are seen as having little or no value and if redemption processes are cumbersome and time consuming (Lovelock and Wirtz 2007).

The packaging of service in banks deals with the interaction of the customer with the bank employee. This is a major element in determining satisfaction or dissatisfaction (Covey, 2004). The bank employees are the first point of interaction with the customers which makes it an important factor to look into. Any inconveniences faced by the employees or an unhappy employee will find it difficult to satisfy a customer (Watson as cited in Dei-Tumi, 2005). A pleasant and friendly employee or staff will add fresh feeling each time a customer approaches. This will promote a positive image for the organization in the long run and also increase the customer base. A satisfied employee will even do a better job in satisfying the customers regardless their skill set, capacity, reward, recognition etc. (Boateng, 1994).

The delivery process also plays an important role in customer satisfaction. If the delivery process is long, it stretches out the waiting period for the customer which makes them unhappy. For instance if a demand draft / banker's cheque has to be signed by two or more officials in the bank, creating a delay in the service delivery. The customers feel irritated for this long waiting period which makes them further unsatisfied (Sasraku, 2007). Dissatisfaction might also arise from the point of view of reward programs. Generally these programs create loyalty and increases goodwill of a company. However, an unsatisfied customer might have an adverse effect on this. For example, if a customer feels that he or she is not included in a reward program because of less business or the reward process is cumbersome or unfair, it leaves them highly unsatisfied (Lovelock &Wirtz, 2007). The physical ambience also plays a deciding role in customer satisfaction. This includes the physical environment of the company its decoration, the maintenance of the building, the washrooms, tables, chairs, hall and all other related materials which is decisive for the customer's perception of a good institution. Gradually, they will take pride for themselves as a customer of the institution. The ease of access also acts as an important factor of customer satisfaction. For example, if a bank is located on a proper accessible place not in an isolated place, this will create a positive mental picture in the mind of the customer (Sasraku, 2007).

Use of technology is another factor which might affect the service delivery and contribute to the dissatisfaction of the customers. The electronic devices like computers, ATMs, PoS etc. speed up the process of transactions. This helps in lessening the amount of time needed for delivering the service. Further they provide consistent accuracy, quality and better system which encourage a customer towards better satisfaction (Aldlaigan&Buttle, 2002). Customer security is another area of concern to customers especially in banks. An assurance of complete protection from all these external threats would create more satisfaction for the customers (Sasraku, 2007; Lovelock and Wirtz 2007).

There is also a correlation between satisfaction of the employees and customer satisfaction. Schmeider (1980) suggests that employees at the frontline handle customers well if they think they have been treated well by management. Customers are also happy and satisfied with the services provided when they see bank employees also in a good mood.

2.12. Service Quality and Banking:

The relationship between service quality and bank service providers is also explored with regard to qualitative and quantitative aspect. The qualitative benefits such as customer satisfaction and loyalty serve a major concern for the perception of service quality (Oliver, 1993; Newman et al., 1998). Similarly, perceived service quality brings better satisfaction (Cronin & Taylor, 1992). The mutual exchange and fulfillment of promise between customers and service providers is a core construct for obtaining customer satisfaction (Grönroos, 1990). Customer satisfaction serves greatly in the formation of a good image and obtaining new customers through word-of-mouth communications (Zairi, 2000).

A study conducted in 1998; of a US bank assess the service quality improvement process with regard to the quantitative benefits. Before the improvement of quality, this bank had to bear the cost of failures. However, after introducing processes of improvements in its service quality the costs decreased systematically which also reflected in better profit and earnings (Harvey, 1996).

Highly satisfied customers share experience with a few people whereas dissatisfied customers share their experience with everyone (Zairi, 2000). Further, retention of an existing customer costs less money, time and resources in comparison to attract new customers (Naumann, 1995; Dawes and Swailes, 1999). According to Newman et al. (1998) an increase in only five percent in customer loyalty would boosts profitability by 25-85 per cent. Poor service will result in low customer satisfaction as well as lots of costs and damages, loss of business opportunities, a decrease in customer retention, low profitability and damaged image (Stuart & Tax, 1996). A rough estimate shows that two-third of the customer stops purchasing a service as a result of poor service quality (Julian and Ramaseshan, 1994).

The major determinants of customer satisfaction in retail banking sector has been identified by Levesque and McDougall (1996) in their study. The determinants include service quality dimensions (e.g. getting it right the first time), service features (e.g. competitive interest rates), service problems, service recovery and the used products. The findings indicate that service problems and bank service recovery capacity impacts majorly on customer satisfaction and their intentions to switch.

In another study Clark (1997) assessed the impact of customer-employee relationships on the retention rates of the customers in a leading bank of United Kingdom. The study indicated that customer retention rate is related to employee and customer perception of service quality. Further, employee and customer perception of the service quality is related to each other. He also examined the relationship between the perception of the employee for the organization and customer retention (Clark, 2000). The findings suggest that there is indeed a relationship between employee's perception of organizational climate and retention from a micro level. As per the study the organizational climate can be subdivided into five climate themes and within these themes several dimensions which are critical for customer retention.

The employees of a company experience customer satisfaction and retention in a varied way (Hansemark&Albinsson, 2004). The study used phenomenological method which allowed the interpretations of the informants to be discovered. The measurement of customer service brings meaningful insights and feedbacks on the preferences and expectations of the customers. Further, customer service serves as an important link to the consumer behavior which includes cross selling of other products, positive word of mouth, and willingness to pay premium prices and see a personal relationship with the bank (Winstanley 1997).

2.13. Customer Complaints and Dissatisfactions:

The bankers face difficulties in service delivery due to rising complaints on a daily basis (De-Tumi, 2005). The complaint persists when they do not experience maximum utility of a product or service they consume. A company may have the finest product or services but without giving the full value of money the customers tend to complain. This affects the very survival of the company in the long run. This can be done by a constant feedback of the customers in developing the product. Another aspect of complain is the duration or time taken for receiving the product or services. The companies should design time scale for delivering the products or services. This should also be communicated to the customers. However, if a company takes more time in delivering its services customers might consider switching to other alternatives (Dei-Tumi, 2005).

Additionally, another source of customer dissatisfaction is the reception. As most of the retail business suffer from a dreadful reception. Most of the customer does not appreciate being called to the office for business (Harrington, 1995). It is important that the businesses do not forget the very reason for their existence i.e. create and retaining customers (Dei-Tumi, 2005). The immediate environment is another area which is complained by the customer. It is derived by the perception of the appearance of the environment by the customer. Many a times a company needs to go for a particular color or texture or a dress code in order to create a good image of the company in the customer’s mind. All these factors make it very difficult to understand the mindset of the customer (Dei-Tumi, 2005).

Most of the complaints received by the bank employees are out of logic. This is more difficult if the complaint is irrelevant to the issue. If these complaints however, are not resolved the customers usually change their banks. Moreover, the complaint becomes an advertisement factor for the competitors (Harrington, 1995). The employees on the other hand should established ownership and responsibility. In order to take proper action, the employees should have enough power which will bring prompt rectification (Dei-Tumi, 2005).

2.14. Measures to Enhance Satisfaction and Reduce Inconvenience:

In order to enhance satisfaction and reduce inconvenience an organization must develop a customer friendly attitude. This can be done with the help of developing a relationship with the customer.However, this is only possible when there is no rotation of jobs (Martin, 1991). This is one of the major factors of retention as banks employees are often rotated which leaves the customer out of developing a relationship with the customer. In modern times customers have become more aware of the products and the services which force the company to have a better quality. This makes the employee at the front line really important for delivering the services at its true sense. A god impression lasts lingers in the mind of the customers which makes them to develop a relationship with the company for a long time (Rust &Zahorik, 1993). Hence, a positive relationship with the employee leaves a positive perception in the customer’s mind. Additionally, as discussed earlier, employees must be treated as an internal customer who ensures that the external customer are retained and satisfied (Berry, 1984).

Heskett et al. (1994) suggested that employees that are satisfied with their job are more likely to provide higher-quality service than those that are not. Employee satisfaction is defined as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience” (Locke, 1976). It is believed to be achieved through various human resource management practices (i.e. Job design, employee rewards and recognition, etc.) (Spector, 1997). For service employees, these practices are designed to enhance employee's competency, motivation and performance in providing high–quality services to customers. The logic suggests that if organization design work systems that ensure employees have the knowledge, skills and abilities to meet customer needs, they will be happier with their job, less likely to leave and will be more likely to provide a good service experience to the customers (Loveman, 1998; Hong et al., 2013). The internal satisfaction level of employee sometimes determines the level of service delivery. In service sector like banks, insurance it is essential that front line employees are satisfied with their job as it impacts the organization image. Their inconvenience may create substantial loss to the organization (Spector, 1997).

The satisfaction of front line employees depends in giving a better service and customer satisfaction (Bowen et al., 1999). This has been further studied where a positive relationship between employee satisfaction and customer satisfaction was found. Therefore, when a front-line bank employee is happy the services are delivered happily to the customer who brings more satisfaction (Bowen et al., 2000).

Banks normally assign their responsibility for the promotion of electronic channels to customers (Lymperopoulous andChaniotakis, 2004). The input of the delivery staff is very important. The bank manager on the other hand should ensure that the bank staffs are professional, well trained and knowledgeable about the services provided by the bank (Moutinho, 1997). On certain occasions inadequate knowledge of the products the bank employees are not able to resolve the issues. Thus, the employees are expected to undergo better training and develop a skill for delivering the services (Mols, 1999). Electronic banking provides a number of opportunities for the banks along with easing the service delivery method. However, security issues and complexity of certain products makes it difficult for the banks and the bankers (Sathye, 1999: Mols, 1999).

Banks can build long lasting relationship only when the customers develop a trust, commitment, honesty and co-operation with the service provider (Tyler &Stanely, 1999). Gerrad and Cunningham (2003) found a positive correlation between convenience and online banking and remarked that a primary benefit for the bank is cost saving and for the consumers a primary benefit is convenience. Multi functionality of an IT based services may be another feature that satisfies customer needs (Gerson, 1998).

A reduction in the percentage of customers visiting banks with an increase in alternative channels of distribution will also minimize the queues in the branches (Thorton& White, 2001). Increased availability and accessibility of more self–service distribution channels help bank administration in reducing the expensive branch network and its staff overheads. The use of bank employees and office space in other works becomes easier for the banks(Birch and Young, 1997). It further, leads to a better customer satisfaction (Thornton and White, 2001).

It has been seen that banks responded to the internet systems in a different way in contrast to other service-oriented business in terms of communication and interaction (Yakhelf, 2001). Besides this it has been argued that online channel of banking expands the relationship with the customers by providing services outside the physical domain of banks (Robinson, 2000). This also increases the customer benefits and their loyalty towards the banks (Oumlil& Williams, 2000). A contrast to this is another argument that customers like to interact with humans instead of machines. They resolve their doubts of any service or products and demand better quality from the employees (Nancy et al., 2001). Many bankers do not like the idea of online transactions because of the fact that physical interaction might also lead to cross selling of other products in the bank and also maintain a good image (Moutinhe et al., 1997).

In a study across Turkey it was found that bank employees do not promote e-banking channels among customers. Most of the customer lack preference to use email and conduct over the counter transactions (Polatoglu&Ekin, 2001). The usage of internet also lacks better laws and regulations for securing the transactions and digital services. This also affects the preference of the customers (Larpsiri et al., 2002).

Another factor of dissatisfaction in customer is the problematic behavior among other fellow customers (Lovelock, 1994). Harris and Reynolds (2003), in their study, uses the term "dysfunctional customer behavior", with regard to problematic behaviors. It can further be classified as the actions of customers which disrupts a service delivery.Moreover, this kind of behavior is alleged to be context specific, varying from context to context (Bitner et. al., 1994). Banking industry has many inconveniences due to problematic behavior of the customer.

Customer rage has evolved over time due to insufficient management of complaints and assessment of threats to the needs (Patterson et al., 2009). The problematic customers are asking for favors which are unreasonable and do not fall into the banking process. In banks, this type of incident occurs in a frequent way where frontline employees are mostly encounter the situation (McColl-Kennedy et al., 2009).

The problematic behavior of customers often leads to emotional exhaustion of the employees (Bacharach et al., 1991). It is a specific stress related reaction and refers to a state of reduced energy caused by extreme emotional demands in a boundary (Maslach& Jackson, 1982). Emotional Exhaustion occurs when employees face higher levels of demands on time and energy (Boles et al., 1997). Burnout and mainly emotional exhaustion have been widely established as an outcome of customer service personnel's boundary spanning nature of the job especially in banks (Singh et al., 1994). Research suggests that interactions with customer require customer service employees to manage their customers during service encounters (Leidner, 1999). In marketing, the existence of emotional exhaustion in front line employees is attributed to having more customer contacts in comparison to other employees (Etzion,1984; Singh et al.,1994). When customer service employee experience aggressive and abusive customers, their emotional strength is negatively affected. This results in increased levels of emotional exhaustion (Dallimore et al., 2007).

Customers are more demanding and expect bank will put the information and products they want and expect (Lovelock, 1991). As a consequence, they need quick response for their query. A customer service person better be available to chat at any given second customers navigate the website or the toll-free number must be prominently displayed on all web pages so customer do not have to find it. Apart from that most customers still want a personal one-on-one experience for resolving their queries. The tolerance of customers for jumping through hoops has diminished dramatically over the years (Bolemer, 1997). Customers now believe they should have what they want the minute they request it. This is why customers expect front-line service and sales pros to be knowledgeable enough to handle anything and have the authority to do what needs to be done to satisfy the customers.

2.15. Research Gap:

It has been observed during the above literature review that many works has been undertaken by different scholars at different geographical locations and at different points of time with respect to customer satisfaction and inconvenience of service providers in the banking industry. Works have been carried out in the area of customer satisfaction of banking customers to **find out the attributes** that lead to their satisfaction. Works have also been carried out to find out the causes of dissatisfaction of banking customers. On the other hand, inconvenience faced by the bankers while delivering services to the customers has also been studied.

During the literature survey no research works could be found that address these two issues together. But these two issues are highly interrelated. To develop strategies for enhancing customer satisfaction, these two issues must be jointly addressed. It is logical that if customer satisfaction is to be enhanced, inconveniences faced by the banking sector are to be minimized. This is a major gap in available literature. Hence, the study was undertaken to fulfill this gap with the following objectives.

2.16. OBJECTIVES:

With the aim to fulfill the above research gap, this study is proposed with the following objectives. The objectives are:

1) To identify the inconveniences and hindrances faced by the banking sector while delivering quality service in the study area.

2) To measure and analyze the perceived service quality of bank customers in the study area.

3) To prioritize service firm attributes on the basis perception of the bank customers.

4) To compare perception regarding service quality provided by different categories of banks and generating strategies to improve customer satisfaction.