

**SERVICE SATISFACTION AND LOYALTY: A COMPARISON OF
PERCEPTIONS BETWEEN BANK TELLERS AND INTERNAL CUSTOMER
GROUPS IN A RETAIL BANK IN ZIMBABWE**

by

CRISPEN CHIPUNZA

submitted in fulfillment of the requirements
for the degree of

MASTER OF COMMERCE

in the subject

INDUSTRIAL & ORGANISATIONAL PSYCHOLOGY

in the Faculty of

MANAGEMENT, DEVELOPMENT AND COMMERCE

of the

UNIVERSITY OF FORT HARE

SUPERVISOR: PROFESSOR H. M. VERHAGE

APRIL 2002

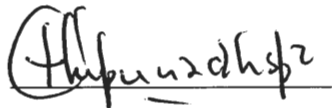
1727 8053
12139 6528

UNIV.	RY
ACC. NO.	
BIB. NO.	
ITEM	

UNIVERSITY OF	LIBRARY
ACC. NO.	1000 901
BIB. NO.	
ITEM NO.	

DECLARATION

I declare that “**SERVICE QUALITY AND SATISFACTION: A COMPARISON OF PERCEPTIONS BETWEEN BANK TELLERS AND INTERNAL CUSTOMER GROUPS IN A RETAIL BANK IN ZIMBABAWE**” is the author’s original work and has never been submitted by the author or anyone else at any university for a degree. All the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

A handwritten signature in black ink, appearing to read 'Crispin Chipunza', written over a horizontal line.

CRISPEN CHIPUNZA

APRIL 2002

ACKNOWLEDGEMENTS

I am very much grateful to my supervisor Professor H. M. Verhage, and my Head of Department, C.O.K Allen-Ile, for their unstinting support in all its manifestations, and their encouragement that has seen me sailing through in the process of generating this piece of work. They helped me in shaping this project to its present form.

My special thanks also extend to my fellow students and colleagues for their periodic contributions towards this final product.

Finally a word of thanks to GOD the Almighty, for we all make plans but He has the final decision.

DEDICATION

This piece of work is dedicated to my mother and my late father Matthew and the rest of my family members for their continued and meticulous support and concern for my studies.

CONTENTS

CONTENT	PAGE
Declaration	ii
Acknowledgements	iii
Dedication	iv
List of tables	xi
List of figures	xiii
List of appendices	xiv
Summary	xv

CHAPTER ONE: BACKGROUND OF THE STUDY

1.1	Introduction	1
1.2	Background of the research problem	1
1.3	Statement of the research problem	3
1.4	Theoretical framework	4
1.5	Primary objectives of the investigation	5
1.6	Secondary objectives of the investigation	5
1.7	Hypotheses	5
1.8	Rationale for the investigation	6
1.9	Delimitation of the investigation	7
1.10	Definition of key concepts	8
1.11	Conclusion	9

CHAPTER TWO: SURVEY OF THE LITERATURE

2.1.	Introduction	10
2.2.	Service quality	10
2.3.	Theoretical explanations of service quality perceptions	13
	2.3.1 The continuum theory	13
	2.3.2 The cognitive theory	14
	2.3.3 The interactive theory	14
	2.3.4 The gap theory	15
	2.3.5 The customer's viewpoint theory	16
	2.3.6 The organisation's viewpoint theory	17
2.4	Service quality, satisfaction and loyalty	18
	2.4.1 Service quality and customer satisfaction	18
	2.4.2 Service satisfaction and customer loyalty	20

2.5	Management of customer-contact employees	23
2.5.1	Preamble	23
2.5.2	Management commitment to service quality (MCSQ)	24
2.5.3	Organisational climate and culture	25
2.5.4	Organisational socialisation and organisational climate	26
2.5.5	Organisational socialisation and role perceptions	27
2.5.6	Organisational socialisation and organisational culture	29
2.5.7	Job satisfaction and service quality perceptions	32
2.5.8	Employee empowerment and service quality perceptions	33
2.6	Management of customers in service organisations	35
2.6.1	Organisational socialisation of customers	35
2.7	Customer satisfaction	36
2.7.1	Preamble	36
2.7.2	Transaction-specific and cumulative theories of customer satis.	36
2.7.3	Expectancy– disconfirmation theory	37
2.7.4	The comparison level theory	38
2.7.5	Determinants of customer satisfaction.	38
2.8	Loyalty in service organisations	41
2.8.1	Preamble	41
2.8.2	Theories of customer loyalty	42
2.8.2.1	The comparison level theory	42
2.8.2.2	Memory and heuristic theory of loyalty	43
2.8.3	True and active loyalty	43
2.8.4	Active and passive loyalty	44
2.8.5	Determinants of loyalty in service organisations	45
2.8.6	The value of customer loyalty in service organisations	48
2.9	Demographic influences of service satisfaction and loyalty	48
2.9.1	Preamble	48
2.9.2	Demographic variables and service quality perceptions	49

2.10 Conclusion	52
------------------------	-----------

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction	54
3.2 Research Design	54
3.3 Method	54
3.3.1 Rationale for the method	54
3.4 Respondents	55
3.4.1 Tellers	55
3.4.1.1 Population	55
3.4.2 Customers	55
3.4.2.1 Population	55
3.5 Sample and sampling procedure	55
3.5.1 Tellers	55
3.5.1.1 Sample	55
3.5.1.2 Rationale for the sample	56
3.5.1.3 Sampling procedure	56
3.5.1.4 Rationale for using random sampling	57
3.5.2 Customers	57
3.5.2.1 Sample	57
3.5.2.2 Rationale for the sample	58
3.5.2.3 Sampling procedure	59
3.6 The instruments	60
3.6.1 Rationale for using questionnaires	60
3.6.2 The pre-survey questionnaire	61

3.6.2.1	Description of the questionnaire	61
3.6.2.2	Administration of the questionnaire	62
3.6.2.3	Scoring of the questionnaire	62
3.6.2.4	Validity and reliability of the questionnaire	63
3.6.2.5	Results of the pre-survey	63
3.6.3	The survey questionnaire	63
3.6.3.1	Description of the questionnaire	63
3.6.3.2	Rationale for using the questionnaire	65
3.6.3.3	Administration of the questionnaire	65
3.6.3.3.1	Rationale for the administration	65
3.6.3.4	Validity and reliability of the questionnaire	66
3.6.3.4.1	Reliability of the SERVQUAL questionnaire	66
3.6.3.4.2	Content validity of the SERVQUAL questionnaire	67
3.6.3.5	Reliability of the section of the questionnaire measuring loyalty	67
3.7	Data analysis	67
3.7.1	T – test for independent samples (pooled variances)	68
3.7.2	One – way analysis of variance (ANOVA)	68
3.7.3	Multivariate test of significance (MANOVA)	68
3.8	Conclusion	69
CHAPTER FOUR: RESULTS AND DISCUSSION		
4.1	Introduction	70
4.2	Hypothesis 1	70
4.2.1	Comparison of perceptions of service satisfaction between tellers and stayers	70
4.2.2	Comparison of perceptions of service satisfaction between tellers and satisfied switchers	73
4.3	Hypothesis 2	76
4.3.1	Comparison of perceptions of service satisfaction between tellers and dissatisfied switchers	76

4.4	Hypothesis 3	78
4.4.1	Comparison of perceptions of loyalty towards the bank among the four groups	78
4.4.2	Comparison of perceptions of loyalty towards the bank between tellers and stayers	81
4.4.3	Comparison of perceptions of loyalty towards the bank between tellers and satisfied switchers	82
4.5	Hypothesis 4	84
4.5.1	Comparison of perceptions of loyalty towards the bank between tellers and dissatisfied switchers	84
4.6	Hypothesis 5	86
4.6.1	Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and stayers	86
4.6.2	Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and satisfied switchers	87
4.6.3	Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and dissatisfied switchers	88
4.7	Hypothesis 6	89
4.7.1	Comparison of overall satisfaction with the bank between tellers and the three internal customer groups	89
4.8	Conclusion	91

**CHAPTER FIVE: CONCLUSIONS, IMPLICATIONS FOR THE BANK'S
MANAGEMENT, LIMITATIONS AND FUTURE RESEARCH DIRECTIONS**

5.1	Introduction	93
5.2	Conclusions	93
5.3	Implications for the bank's management	94
5.4	Limitations of the investigation	96
5.5	Directions for future research	97
5.6	Conclusion	98
	List of References	100
	Appendices	115

LIST OF TABLES	PAGE
Table 1: Comparison of perceptions of service satisfaction between tellers and stayers	71
Table 2: Comparison of perceptions of service satisfaction between tellers and satisfied switchers	73
Table 3: Comparison of perceptions of service satisfaction between tellers and dissatisfied switchers	77
Table 4: Comparison of perceptions of loyalty towards the bank among the four groups	79
Table 5: Comparison of perceptions of loyalty towards the bank between tellers and stayers	81
Table 6: Comparison of perceptions of perceptions of loyalty towards the bank between tellers and satisfied switchers	82
Table 7: Comparison of perceptions of loyalty towards the bank between tellers and dissatisfied switchers	84
Table 8: Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and stayers	86

Table 9: Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and satisfied switchers. 87

Table 10: Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and dissatisfied switchers. 88

Table 11: Comparison of satisfaction with the bank between bank tellers and each of the three internal customer groups 90

LIST OF FIGURES

PAGE

Figure 1: Components of transaction – specific evaluation

19

LIST OF APPENDICES	PAGE
Appendix A: The pre-survey questionnaire	115
Appendix B: The SERVQUAL questionnaire	117
Appendix C: Letter of approval from Jewel Bank	125
Appendix D: Official population of tellers and customers	126
Appendix E: Demographic profile of tellers	127
Appendix F: Demographic profile of stayers	128
Appendix G: Demographic profile of satisfied switchers	129
Appendix H: Demographic profile of dissatisfied switchers	130

SUMMARY

SERVICE SATISFACTION AND LOYALTY: A COMPARISON OF PERCEPTIONS BETWEEN BANK TELLERS AND INTERNAL CUSTOMER GROUPS IN A RETAIL BANK IN ZIMBABWE

by

CRISPEN CHIPUNZA

SUPERVISOR : PROFESSOR H. M. VERHAGE

FACULTY : MANAGEMENT, DEVELOPMENT AND COMMERCE

DEPARTMENT : INDUSTRIAL & ORGANISATIONAL PSYCHOLOGY

**DEGREE : MASTER OF COMMERCE
(INDUSTRIAL & ORGANISATIONAL PSYCHOLOGY)**

In addition to using measures of return on investment, internal processes and employee development, organisational performance today is also being measured by the quality of service provided. Service quality is widely regarded as a key antecedent to successful relationship marketing, customer satisfaction and loyalty. Although there have been many researches on service quality in organisations, few have explored and compared perceptions of satisfaction with and loyalty towards a bank between bank tellers and customers.

The present investigation compared perceptions between bank tellers and three internal customer groups (stayers, satisfied switchers and dissatisfied switchers) found in service organisations, with respect to service satisfaction and loyalty in a retail bank in Zimbabwe. One hundred (100) bank tellers and three hundred (300) customers randomly selected participated in the study. The SERVQUAL (service quality) questionnaire of Parasuraman, Berry and Zeithaml (1985), adapted to the banking environment, and items developed by Dick and Basu (1994) were used to measure perception of satisfaction with and loyalty towards the retail bank among bank tellers and customers. The findings of the investigation can be summarised as:

- ❖ There were differences in perception of satisfaction with service provision by the retail bank between tellers and each of the three internal customer groups.
- ❖ Tellers were more loyal to the organisation than each of the three internal customer group.
- ❖ There were differences in perception of loyalty towards the retail bank between tellers and each of the three internal customer groups.
- ❖ There were no differences in the influence of demographic variables on service satisfaction with and loyalty towards the bank between tellers and each of the three internal customer groups.
- ❖ Overall, stayers were more satisfied with service provision of the bank than all the other groups.

CHAPTER ONE: BACKGROUND OF THE STUDY

1.1 Introduction

This chapter gives an overview of the background to the research problem, purpose and objectives of the investigation, a brief discussion of the theoretical framework guiding the investigation, hypotheses, and the rationale for the investigation. The chapter ends by discussing the delimitation of the investigation and definition of key concepts.

1.2 Background of the research problem

It is no longer sufficient for service organisations to concentrate solely on good prices in marketing their products for business success. At the centre of many service organisations today is the realisation of improving organisational performance by attracting, satisfying and retaining customers. Such efforts are realised through the delivery of quality service (Steyn, 2000). Except in rare instances, quality service culminates in complete customer and employee satisfaction (Jones & Sasser, Jr 1995). Complete customer satisfaction is generally regarded as a good indicator of the level of service quality rendered by any service organisation. On the other hand, service quality is also regarded as having its roots in the contact employees (those with direct contact with customers on a daily basis) of service organisations (Ferrell & Hartline, 1996).

As put forward by Rucci, Kim and Quim (1998), attention by service organisations in satisfying and retaining customers and employees help in the development of measures that show how well an organisation is doing with customers, employees and investors. The authors further pointed out that, a knowledge of such measures will only be realised by addressing a question like: "Do we have a knowledge or understanding of the several layers of factors that drive employee attitudes, that in turn affect employee retention and which in turn affect the drivers of customer satisfaction and retention?" (Rucci *et al.*, 1998:84). Answers to such a question would establish the importance service organisations should place in customer and employee satisfaction for business success (Fournier, Dobsch & Mick 1998).

Literature on the delivery of quality service suggests that contact employees of service organisations play an important role in customer satisfaction (Owens & Loggernberg, 1992). The qualities of service provided by organisations also depend on the performance and perceptions of the service deliverer (contact employees) (Curry, 1985). Therefore, the behaviour of contact employees during service encounter with customers are indicative of the employees' satisfaction with and loyalty towards the organisation. On the other hand, the interpretation of contact employee's behaviours by customers can be used as a measure of customers' satisfaction with and loyalty towards the organisation.

Over the past years there has been a proliferation of literature and investigations measuring service quality by comparing the perceptions of contact employees and customers from different organisations which offer the same services (Parasuraman, Berry & Zeithaml, 1985; Govender, 1998). Such comparisons have been criticised. In such instances it is sometimes very difficult to control for organisational differences, such as management and contextual factors (Singh, 2000).

Other studies (e.g., Govender, 1999) used contact employees, described as having "meaningful long contacts" with customers, for example, customer service personnel. Other contact employees with relatively longer periods of contact with customers (e.g., bank tellers) have not been used. Bank tellers also have meaningful face-to-face contact with customers. Their interaction with customers during service delivery could reflect the tellers' satisfaction with and loyalty towards the organisation.

In their studies of comparing service quality perceptions between contact employees and customers, Parasuraman *et al.* (1985) did not base their definition of "customer" on the "marketing concept". The marketing concept assumes that customers differ from one another and do have specific and diverse needs.

Similarly, other researchers (e.g., Ennew & Binks, 1996) "bundled" customers together as just one group of people upon which perceptions of service quality can be extrapolated. However, recent customer base studies by Garnesh, Arnolds and Reynolds (2000) have shown that organisations' customers are comprised of three

groups: (1) Those who have stayed with the organisation for quite a long time without switching (stayers); (2) those who have switched from other service organisations because of dissatisfaction (dissatisfied switchers); and (3) those who have switched for reasons other than dissatisfaction (satisfied switchers). The differences in satisfaction, loyalty and involvement with a service setting among the three groups have been documented (Garnesh *et al.*, 2000). Results indicate that dissatisfied switchers are more satisfied with their current service provider and likely to engage in active loyalty behaviours (i.e., proactive behavioural intentions that require deliberate or conscious effort to undertake, such as positive word of mouth and expansion of service usage) than stayers and satisfied switchers. Stayers, who exhibit higher satisfaction than satisfied switchers but lower satisfaction than dissatisfied switchers, are more likely to exhibit passive loyalty behaviour (i.e., insensitive to significant changes in the service relationship or service environment). Satisfied switchers are the least satisfied customers and fall between the other two groups in terms of active and passive loyalty behaviour. Although the research made great contributions to our knowledge and understanding in the area of customer switching and loyalty research, no attempts have been made to investigate differences in perceptions between the three internal customer groups and a group of contact employees, usually neglected by many researchers, namely bank tellers.

The extent to which demographic variables influence perceptions of service quality among customers has been documented (Gilbert & Kahl, 1982; Boshoff & Nel, 1992). To our knowledge, no research has yet compared the influence of demographic variables on both customers and contact employees, particularly bank tellers, with respect to satisfaction and loyalty towards a service organisation.

1.3 Statement of the research problem

Are there any differences in perceptions of satisfaction with and loyalty towards the bank between tellers and customer groups? Do demographic differences affect perceptions of satisfaction with and loyalty towards the bank between tellers and customer groups?

1.4 Theoretical framework

Perceptions of service quality, service satisfaction and loyalty in organisational settings have been subjects of much discussion and theorising. Approaches often used by service quality researchers in understanding perceptions of the three constructs and which were also guiding the investigation are: The transaction – specific and cumulative theoretical explanations. Transaction – specific explanation views service quality perceptions as a post – choice evaluative judgment of a specific purchase or service (Hunt, 1977; Oliver, 1993). Cumulative explanation argues that service satisfaction is an overall satisfaction based on total purchase and consumption experience with goods or services (Fornell, 1992; Johnson & Fornell, 1991).

The second set of theories guiding the investigation is the expectancy – disconfirmation theory (Oliver, 1980) and the comparison level theory (Thibaut & Kelly, 1959). The expectancy – disconfirmation theory posits that people judge satisfaction with and develop loyalty towards a product or organisation by comparing previously held expectations with perceived product or service performance. The comparison level theory argues that the comparison level for alternatives is the standard people use to develop perceptions of satisfaction and deciding whether to remain in a marketing relationship or not. The comparison level is “...the lowest level of outcomes a person will accept in light of available opportunities” (Thibaut & Kelly, 1959:57).

Another theoretical explanation guiding the investigation is the memory and heuristic theory (Folkes, 1994; Tversky and Kahnemann, 1974). The theory proposes that people use emotionally charged atypical experiences to develop satisfaction with service quality and loyalty towards an organisation.

Taken together with other theories to explain service quality perceptions (e.g., the continuum theory (Parasuraman *et al.*, 1985); the cognitive theory (Smith & Houston, 1983); the interactive theory (Lovelock, 1984); the gap theory (Parasuraman *et al.*, 1985); the customers’ viewpoint theory (Parasuraman, Berry & Zeithaml, 1988); and the organisation viewpoint theory (Traeacy & Wiersema, 1993), the foregoing theoretical approaches guided the present investigation.

1.5 Primary objectives of the investigation

The primary objectives of this investigation were:

- To compare the perceptions with respect to service satisfaction with and loyalty towards the bank between bank tellers and three internal customer groups found in a retail bank in Zimbabwe.
- To determine whether demographic variables do have an effect on perceptions of satisfaction with and loyalty towards the bank between tellers and the three internal customer groups

1.6 Secondary objectives of the investigation

The secondary objectives of this investigation were to determine:

- Whether any correlation or significant differences exists in perceptions of satisfaction with and loyalty towards the bank between tellers and stayers; tellers and dissatisfied switchers; and tellers and satisfied switchers.
- Whether the manner in which the bank handles customers and employees contribute to differences in perceptions of satisfaction with and loyalty towards the bank between tellers and the three internal customer groups.
- Whether demographic differences affect the perceptions of satisfaction with and loyalty towards the bank between tellers and the three internal customer groups.

1.7 Hypotheses

The objectives of the investigation were operationalised in the following hypotheses:

H1 Satisfaction with the service provision of the bank as perceived by tellers will not significantly differ with service satisfaction as perceived by stayers and satisfied switchers.

H2 Satisfaction with the service provision of the bank as perceived by tellers will not significantly differ with perceptions of satisfaction as perceived by dissatisfied switchers.

H3 Loyalty towards the bank as perceived by tellers will not significantly differ with loyalty towards the bank as perceived by stayers and satisfied switchers.

H4 Loyalty towards the bank as perceived by tellers will not significantly differ with loyalty towards the bank as perceived by dissatisfied switchers.

H5 There are no differences in the demographic influence on satisfaction with and loyalty towards the bank between bank tellers and stayers; tellers and satisfied switchers; and tellers and dissatisfied switchers.

H6 There are no differences in overall satisfaction with the bank between tellers and stayers; tellers and satisfied switchers; and tellers and dissatisfied switchers.

1.8 Rationale for the investigation

The investigation of how customers' perceptions of satisfaction with and loyalty towards the bank differ to or correlate with those of tellers might provide an insight to service organisations for re-designing and implementing specific recruitment and acquisition strategies for contact employees and customers, respectively. On the other hand, customer and employee satisfaction surveys generate valuable information that enables service organisations to compare the performance of one business unit or several business units in different time periods and locations. In the investigation, the bank might benefit by using the information obtained to compare the interaction processes of customers with tellers and those of customers with personnel in other units. Such comparisons might help in determining the overall performance of the bank with specific reference to customer care.

The investigation may provide the current bank with information on possibilities of establishing links between customer or employee satisfaction levels and the organisation's profitability. The investigation will also highlight the importance of the overall banking relationship of the current bank with its customers. This may provide an avenue for the bank to continue investing in quality and the management of customer relationship as a way of assisting the improvement of loyalty among both customers and employees.

The present investigation may also help the bank to develop and deploy sources of advantage in the area of customer knowledge and information. Such knowledge and

information may assist the bank in developing superior abilities in communicating with its customers, including retaining them.

By investigating service dimensions, the study might provide managerial guidance regarding which service areas the bank should concentrate on in an effort to building loyalty among current customers and attracting profitable prospects.

If demographic variables are found to influence service quality perceptions of the different customer groups, this may serve as an important pointer to the bank. It may provide leading indicators to the bank of shifts in the market place. Such indicators might help in the precise segmentation and targeting of markets by the bank, resulting in tailoring of service offerings to match exactly the demands of those niches.

Since delivering long-term and consistent value in business begins and ends with the way employees are trained, a comparison of perceptions between tellers and internal groups of customers might provide an opportunity for the improvement of employee management processes in financial organisations.

1.9 Delimitation of the investigation

The investigation was limited to one retail bank in Zimbabwe. This bank was chosen because all the other banks that were approached to participate in the investigation declined their participation.

The investigation was limited to tellers and customers of the bank. Samples of 100 tellers and 300 customers participated in the study. The tellers and customers were selected from the 20 branches of the bank throughout the country.

The selected samples of tellers and customers responded to a questionnaire soliciting their perceptions of satisfaction with and loyalty towards the bank.

1.10 Definition of key concepts

These definitions have been used in the current investigation as given by the authors cited.

Customer satisfaction: Customers' overall evaluation of an organisations service provision based on total purchase and consumption experience with its goods or services (Fornell, 1992; Johnson & Fornell, 1991).

Customer loyalty: Customers' personal identification with the organisation, the psychological attachment and concern for the future welfare of the organisation... a combination of both commitment and other overt loyalty behaviours (Dick & Basu, 1994).

Service quality: The degree of excellence at an acceptable price or level offered by an organisation (Boshoff, Mels & Nel, 1992).

Customer – orientation: The extent to which the organisation takes the views of customers seriously and actively responds to such views (Sandler, Bendixen & Elfassy, 1995).

Active loyalty: Proactive behavioural patterns that require deliberate or conscious effort to undertake (Garnesh, *et al.*, 2000).

Passive loyalty: The elasticity of a customer's behaviour to significant changes in the relationship or service environment (Garnesh, *et al.*, 2000)

Organisational socialisation: The way in which individual employees or customers learn the beliefs, values and behaviour skills necessary to fulfill their roles and function effectively within an organisation's milieu (Senge, 1990).

Organisational climate: An overall feel of the setting of an organisation, which shapes employees' and customers' attitudes about the process and outcome of the service being delivered (Govender, 1998)

Organisational culture: The way things are done in an organisation; what is typical of the organization; the habits, the prevailing attitudes, the grown up patterns of accepted and expected behaviours (Rucci *et al.*, 1998).

SERVQUAL instrument: Service quality instrument for measuring perceptions of service quality satisfaction (Parasuraman *et al.*, 1985).

Organisational commitment: The attachment to the organisation manifested through identification with its goals and values (Singh, 2000).

Employee empowerment: The extent to which employees are given the autonomy to make day - to - day decisions about the activities related to their jobs (Bowen & Lawler, 1992).

Job satisfaction: The extent to which an employee expresses a positive orientation towards a job (Bitner, 1990).

Contact employees: Employees of an organisation with direct contacts with customers on a daily basis (Ferrell & Hartline, 1996).

1.11 Conclusion

This chapter has indicated that research on the issue of service quality has been inconclusive, and thus warrants further investigation by comparing perceptions with respect to satisfaction with, and loyalty towards a retail bank between bank tellers and three groups of customers. The major purpose of the current investigation was to determine whether any differences in perceptions of satisfaction with and loyalty towards the bank existed between tellers and each the three groups of customers. The investigation also sought to determine whether demographic variables had any effect on perceptions satisfaction with and loyalty towards the bank between tellers and each of the three groups of customers. The investigation was only limited to one retail in Zimbabwe.

The major theories, which guided the investigation, were the transaction-specific theory, the cumulative theory, the expectancy-disconfirmation theory, the comparison level theory and memory and heuristic theory. The hypotheses were stated indicating no relationships between tellers and each of the three groups of customers. Definition of key concepts used in the investigation were as given by authors who used the concepts in previous investigations.

The investigation had implications for the bank in terms of recruitment of staff, overall performance, customer care, market segmentation and improvement of employee management processes.

CHAPTER TWO: SURVEY OF THE LITERATURE

2.1 Introduction

This chapter discusses literature on service quality and its different epistemological explanations from different authors. The different relationships that exist between service quality, satisfaction and loyalty are highlighted. The chapter also discusses organisational dynamics that influence perceptions of service quality among customers and employees. Broader perspectives highlighted include managerial commitment to service quality and organisational socialisation of customers and employees.

Theories on customer and employee satisfaction and loyalty are reviewed in two major theoretical frameworks, that is, the expectancy – disconfirmation theory and the comparison level theory. The chapter reviews and discusses literature on the determinants of loyalty in service organisations and ends with a discussion on the influence of demographic variables on perceptions of satisfaction and loyalty in service organisations.

2.2 Service quality

The issue of service quality has received considerable attention in the marketing literature (Berry, 1995). Service organisations have repeatedly been cautioned about the importance of providing “quality” service to modern day customers (Garvin, 1988). Service quality is widely regarded as a key antecedent to successful customer relationships (Fletcher & Brand, 1999). Marketers have thus begun to use service quality as a weapon in the service sector (Johnson & Fornell, 1991).

Existing theories on the role of service quality in the business environments have been very inconclusive. As a result, a lack of generally acceptable definition of the concept has ensued. However, despite such inconclusiveness, research suggests that there is a close relationship between business success and the marketing of quality products and services (Garvin, 1988).

A conceptualisation of service quality would be void if the notion of “quality” is not addressed. According to Garvin (1988) “quality”, though difficult to define because of its wide coverage, is an analyzable property we learn to recognise only through experience. Several researchers have attempted to define quality Townsend and Gerbhardt (1986:458) have defined quality as “...the degree of excellence at an acceptable price and the control of variability at an acceptable cost”. An analysis of the concept from a marketing perspective emphasizes the importance of customer needs and preferences. This consideration is however hampered by the relativeness of the concept of quality as perceived by customers as well as the dependence on customers’ experiences, attitudes, motivations, and needs (Jacobs, 1998). A common factor in these different conceptualisations is the issue of perceptions. In the marketing of services, perceptions are regarded as important in understanding quality (Crosby, 1979).

Although quality seem to be complex construct with different meanings, some researchers have developed possible alternatives to describe quality in terms of characteristics or dimensions of products or services. For example, Nelson (1970) developed a framework for understanding quality for goods and services. He identified three categories of quality, namely, search quality – attributes determined prior to purchasing a product; experience quality – attributes which can be discerned after purchase or during consumption, and credence quality – characteristics which the customer may find impossible to evaluate even after purchase and during consumption.

According to Nelson (1970), the unique features of services, where experience and credence dominate make it difficult for the customers to evaluate the quality of service. The customer may not have sufficient knowledge to decide whether the service satisfied his or her needs even after consumption. This difficulty in evaluation forces customers to rely on different cues (dimensions of products and services) when evaluating services. Applying the above assumptions to the service sector under investigation in this investigation would put the banks in the experience and credence categories. This is because banks are professional, labour intensive with a high degree of customer contact.

In the services sector, the marketer of services who is concerned with service quality faces numerous problems because: (1) Services are intangible and customers have few, if any cues from which to deduce quality, (2) services are often produced in association with the customer during employee – customer interaction (the service encounter), which makes the standardisation of service quality impossible (Bowen & Schneider, 1985) and (3) services are often produced and consumed simultaneously. The result is that prospective buyers or users of services cannot or have limited opportunities to evaluate the quality of service prior to purchasing or using the service (Parasuraman *et al.*, 1985).

Problems with regards to services, especially its intangibility have restricted attempts to conceptualise service quality. Instead, the concept “perceived quality” has been suggested as a means of conceptualising service quality (Parasuraman *et al.*, 1985). Teas (1993:23) defined perceived service quality as “...a global judgment or attitude relating to the superiority of the service”. It is based on what customers regard as “quality” rather than tangible cues of quality (Owens & Van der Merwe, 1993). It is regarded as a comparison between expected service and service actually provided. In other words, service quality is viewed as the degree and direction of the discrepancy between customer perceptions and expectations. In the service marketing literature, perceptions are defined as customers’ beliefs concerning the service received or experienced, while expectations are what customers desire, that is, what they feel a provider should offer rather than would offer (Parasuraman, Berry & Zeithaml, 1988).

The conceptualisation of service quality as a comparison between expected service and service actually received makes service quality to be seen as “a measure of how well the service level delivered matches the customer expectations” Expected service levels are met by delivering those components of the service that are perceived by the customer to be important, such as pleasant interpersonal relations. In the service sector, delivering quality service therefore means conforming to expectations on a consistent basis, managing those expectations, as well as the service assembly process which involves the customer – contact employees (Lewis & Brown, 1993).

In support of the management of the assembly process including contact employees, Kotler (1988) pointed out that, in the marketing of services, service quality is enmeshed with the service deliverer. Thus, both the “outcome” of the service and the “process” of service delivery have an important impact on the creation and evaluation of service quality. In most cases, quality occurs during the service delivery, usually in the interaction between the customer and the contact personnel of the service organisation. Service quality is thus dependent on the performance of the service employees.

Literature to support the issues of “process” and “outcome” in service quality delivery has made distinctions between “physical product” and “overall product offer”, in the evaluation of service quality (Bowen & Schneider, 1988; Gronroos, 1984). They argued that it is easy to distinguish between the outcome of the service (technical quality) and the process by which the service is provided (functional quality). Functional and technical qualities are regarded as the two key dimensions of service quality, although corporate image is often incorporated as a mediating variable which influences perceived quality. Although technical quality is difficult for consumers to evaluate, an acceptable level of technical quality is an important component of service quality assessment. On the other hand, performance in relation to functional quality is also important in determining the overall service quality of an organisation (Gronroos, 1984). In addition, Cronin and Taylor (1992) pointed out that functional quality management has become increasingly important in addressing the issue of service quality. As a result, a focus on perceived quality of delivery can provide a parsimonious specification of service quality. It would therefore be expected that, even in the banking sector, higher perceptions of both technical and functional qualities would increase customer satisfaction and loyalty.

2.3 Theoretical explanations of service quality perceptions

2.3.1 The continuum theory

Parasuraman *et al.*, (1985) state that service quality is more difficult to evaluate than goods quality. This is because most market offerings are described along a continuum from pure goods to pure services. Differences in customer evaluation processes between

goods and services can only be isolated in the classification of qualities of goods. In support of this explanation Zeithaml (1981a) proposed eleven hypotheses about differences between service and goods evaluation processes. On the other hand Fisk (1981) maintains that, customer evaluations of service quality are more personalised and dynamic. The evaluations require more cognitive involvement than those of goods because of the high degree of service intangibility.

2.3.2 The cognitive theory

The second explanation of service quality perceptions argues that evaluations of services by customers are related to confirmation or disconfirmation of expectations (Smith & Houston, 1983). This confirmation-disconfirmation process is based on a cognitive script, a mental representation of knowledge about events. However, the process causes customers to experience difficulties in imagining the desired service after experiencing it. For example, the customer may easily perceive dissatisfaction; yet imagining proposed solutions may even be more problematic. In the end, customers attribute some of their dissatisfaction with services to their own inability to specify or perform their part of the service during the encounter process.

2.3.3 The interactive theory

The theory maintains that in both goods and service organisations, various inputs are converted into satisfying products through a series of steps- production, purchase, use and evaluation (Lovelock, 1984). In the goods production and consumption processes, the steps can easily be separated in time and space, while in service production the steps are essentially simultaneous, resulting in an intensive and complex interface between the customer and the organisation throughout the process. This interactive approach is echoed by Booms and Bitner (1981), who propose that the service operation can be understood as comprising three overlapping systems: The operations system; the delivery system; and the marketing system. Parts of the service operation system are visible to customers, others are hidden from view and the customer may not even know of their existence. The visible components can be divided into those relating to physical facilities and contact personnel.

Customers find themselves interacting with either or both of these, resulting in an interface difficult to interpret or evaluate.

Similarly, Lehtinen and Lehtinen (1982) believe that service quality is produced in the interaction between the customer and elements in the service organisation. Organisational elements are embedded in three quality dimensions: Physical quality, corporate quality, and interactive quality. It is the interactive quality that many customers utilise to form perceptions of service quality. Because of the use of this interactive quality dimension, a distinction is often made between the process of service delivery and the quality associated with the outcome of the service. Lovelock (1984) underscores this interactive process when he points out that, the presence of the service deliverer makes the “how” of service distribution important. Therefore, it is this evaluation of the “how” by the customer that makes services experiential, with service elements offering cues about the nature and quality of service being provided.

Fisk (1981) shows that the evaluation process of service quality occurs continuously, especially in consumer behaviour. However, the consumer only becomes conscious at certain stages of this evaluative behaviour. In his model, each of the three behaviours, namely, alternative selection, choice, and use, serve as a “triggering cue” for evaluative purposes. Consumer evaluation during the consumption or post choice evaluation of services is thus a significant aspect of service quality.

2.3.4 The gap theory

Parasuraman *et al.*, (1985) developed yet another model of service quality. They proposed that perceptions of service quality among customers are influenced by a series of four gaps occurring in organisations, namely, (1) the difference between customer expectations and management perceptions of customer expectations, (2) the difference between management perceptions of customer expectations and service quality specifications, (3) the difference between service quality specifications and service quality actually delivered and (4) the difference between service delivered and what is communicated about the

service to the customer. Perceived service quality-which is usually regarded as gap five, is therefore the difference between customer expectations and the perceptions of service quality and it depends on the size and direction of the other four gaps. This model presents a sound conceptual foundation for investigating service quality. In the current study the model could be applied to employees who face the challenge of delivering good service for the organisation.

In support of the above theory, Lovelock (1984) investigated the factors that influence service quality perceptions. Results showed that there must be an ongoing effort to educate customers, keep them informed and correct them tactfully when they commit errors. Such efforts are important because, being part of the production of service process, customers may affect quality. The study also established that service quality is affected by components such as word of mouth comments, media stories, contracting out operations, use of agents or brokers, and providing service in multiple remote sites, all of which are outside the control of the organisation.

2.3.5 The customer's viewpoint theory

The most important contribution to the understanding of perceptions of service quality was made by Parasuraman *et al.* (1988). Their research programme resulted in a model explaining perceptions of service quality from the customer's point of view. They argued that the criteria used by customers in assessing service quality fits five independent dimensions, namely, *tangibles* (physical facilities, equipment, and appearance of personnel); *reliability* (ability to perform the promised service dependently and accurately); *responsiveness* (willing to help customers and provide prompt service); *assurance* (knowledge and courtesy of the employee and their ability to convey trust and confidence); and *empathy* (caring, individualised attention the organisation provides its customers). The out come of their study was the development of the SERVQUAL, a methodology for measuring customers' perceptions of service quality.

Arguing against the development of the SERVQUAL, Evans (1989) investigated the

perceptions of service quality in a general bank with specific reference to black installment sale clients. Although a sample of 130 subjects was too small to draw conclusions from, he rejected the application of the conceptual model derived by Parasuraman *et al.* (1988). The study showed that black consumers' service quality determinants placed greater emphasis on consumer's orientation, marketer behaviour, empathy, and assurance. However, the study only explored the applicability of the findings of Parasuraman *et al.* (1988) in a South African service business. The thrust was not aimed at making comparisons with any other group within the same service setting.

2.3.6 The organisation's viewpoint theory

Treacy and Wiersema (1993) argued that perceptions of service quality could be explained from the organisation's point of view. They argued that service quality perceptions are closely related to an organisation creating value for its customers. Value creation by an organisation is based on the understanding that today's customers have an expanded concept of value that includes convenience to purchase, after sale service, and dependability. Therefore, organisations that succeed today, focus on delivering superior quality service in line with one of the three value disciplines, namely, (1) *operational excellence* - providing customers with reliable products or services at competitive prices and delivered with minimum efficiency or inconvenience, (2) *customer intimacy* - segmenting and targeting markets precisely and then tailoring offerings to match exactly the demands of those niches and (3) *product leadership* - offering customers leading-edge products and services that constantly enhance the customers' use or application of the product, thereby rendering rivals' goods or services obsolete. When an organisation chooses to focus on a particular value discipline, it is at the same time creating service quality perceptions that it envisages among its customers.

Organisations that excel in creating service quality perceptions through customer intimacy combine detailed customer knowledge and operational flexibility so that they can respond quickly to any need, from customising a product to fulfilling special requests. Such organisations look at the customers' lifetime value to the organisation, not the value of

any single transaction. Employees in such organisations do everything- with little regard for initial costs-to make sure that each customer gets exactly what he or she really wants. As a result, the organisation engenders tremendous perceptions of service quality from customers, as well as an increase in their loyalty.

2.4 Service quality, satisfaction and loyalty

2.4.1 Service quality and customer satisfaction

There has been a considerable debate on the relationship between service quality, service satisfaction, and loyalty in service organisations. Researchers (e.g. Ennew & Binks, 1996) argued that retention of customers in many organisations is preceded by loyalty, with the service quality, and, or customer satisfaction being widely acknowledged as antecedent of customer loyalty. Boshoff *et al.* (1992) also argue that, the concepts of service quality and satisfaction are related in the sense that continuous incidents of satisfaction lead, in time, to perceptions of service quality. Anderson and Sullivan (1993) suggest that quality is an antecedent of customer satisfaction.

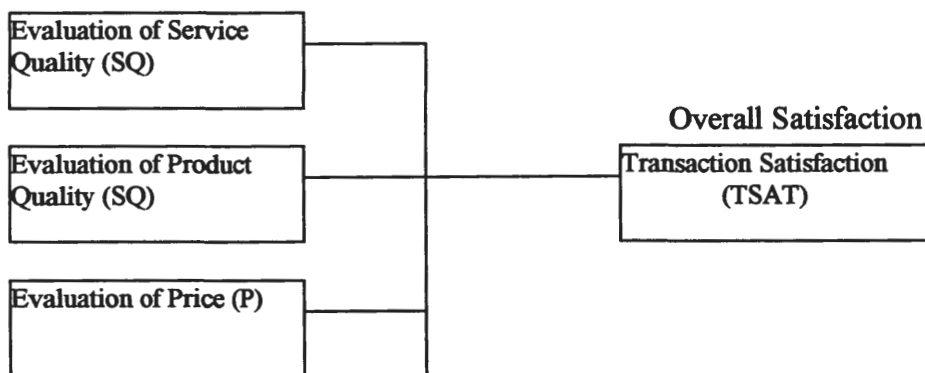
Building on the basis of Oliver's (1980) transaction-specific focus in which satisfaction is specified as a function of disconfirmation of expectations Parasuraman *et al.* (1988) concur that, perceived quality is a function of (caused by) satisfaction. Similarly, in a consumer satisfaction model specified by Churchill and Surprenant (1982), global performance, defined as, "overall unit quality," is specified as a predictor of consumer satisfaction. In the context of service organisations such as banks, perceived quality may be described as a "form of attitude" related but not equivalent to satisfaction and resulting from a comparison of expectations with perceptions of performance.

Other service quality researchers (e.g., Reindenbach & Smallwood, 1990) have distinguished customer satisfaction and service quality according to the level at which they are measured. Customer satisfaction is transaction specific, whereas service quality is a global assessment. On the basis of this distinction, the researchers have posited that an

accumulation of transaction – specific assessment leads to a global assessment (i.e. the direction of causality is from customer satisfaction to service quality).

Teas (1993) further argued that service quality and customer satisfaction could be examined meaningfully from both transaction-specific as well as global perspectives. Building on these notions and incorporation two other antecedents of customer satisfaction - product quality and price, a transaction specific conceptualisation of the constructs' interrelationships and a global framework reflecting an aggregation of customers' evaluations of multiple transactions, has been proposed as shown in Figure 1.

Figure 1: Components of transaction – specific evaluation



Source: Parasuraman, Berry and Zeithaml 1994: 121

Figure 1 portrays the transaction specific conceptualisation model. The model posits a customer' overall satisfaction with a transaction or organisation's service to be a function of his or her assessment of service quality, product quality and price elasticity issue. This model is consistent with the "quality leads to satisfaction" school of thought that satisfaction researchers often refer to (e.g., Reidenbach & Smallwood, 1990; Woodside, Frey & Dally, 1989). From the model, it can be seen that the two separate quality evaluation antecedents (i.e., evaluation of service quality and evaluation of product quality) capture the fact that virtually all market offerings possess a mix of service and product features and fall along a continuum anchored by "tangible dominant" at one end and "intangible dominant" on the other hand. Therefore, in assessing the use of a

particular bank's services, for example, customers are likely to consider service features (e. g. empathy and knowledge of contact employees) and product features (e. g. price for doing different transactions or opening accounts).

Supporting the use of service features by customers in assessing service quality before satisfaction Bolton and Dew (1991) argued that service features are part of overall service provision and therefore certainly play a key role in the assessment of service quality and subsequent satisfaction. However, from a relationship-marketing point of view, it is often argued that features *per se* are not enough. More attention should be focused on the integration of the quality of the features, marketing of the quality and customer service (Christopher, Payne & Ballantyne, 1991).

Recent studies by Anderson and Sullivan (1993) have modeled service quality as an antecedent of customer satisfaction. Nevertheless, there seems to be a lack of consensus in the literature and among researchers about the causal link between the two constructs. Specifically, the view held by many researchers is that service quality leads to customer satisfaction. Adding to the complexity of this issue, practitioners and popular press often use the terms "service quality" and "customer satisfaction" interchangeably. The present study views customer satisfaction as a result of service quality.

2.4.2 Service satisfaction and customer loyalty

The role of service quality in customer loyalty and retention has been investigated and takes various forms. Bitner (1990) showed that customer satisfaction influences both loyalty and repurchase intentions for a range of consumer products. In the service sectors, it might be argued that satisfaction with a service encounter affects assessment of service quality and subsequent loyalty and probably switching behaviours.

Parasuraman, Berry and Zeithaml (1996) investigated the impact of service quality on particular behaviours that signal whether customers remain loyal or defect from an organisation. Results showed that customers' behavioural intentions are influenced by

service quality. The study also confirmed that certain behaviours signal that customers are forging bonds with an organisation. For example, when customers praise the firm, express preference for the organisation over others, increase volume of purchase or use of services and pay price premium, they will be indicating behaviourally that they are bonding with the organisation.

Research offers further evidence to support the above assertions. Cronin and Taylor (1992) showed that customer satisfaction and, or service quality perceptions positively affect intentions to behave in particular ways. They pointed out that one aspect of the service quality provision that can influence behavioural intentions (loyalty or lack of it), involves the problem experience of customers. When customers encounter service problems, their behavioural intentions are affected adversely. Parasuraman, Berry and Zeithaml (1990) concur when they suggest that customers who experience no recent problems with an organisation have significantly better service quality perceptions than customers who experience a recent service problem that was not satisfactorily resolved. In the banking sector, unresolved problems usually culminate in switching behaviours by customers. However, this might only apply if the problem has not been resolved for a long period of time. On the other hand, the impact of problem resolution (service quality improvement) on customer retention is less clear. One anecdotal view suggests that superior problem resolution forges stronger bonds between customers and the organisation. This results in the disgruntled customers for whom effort is given to gain them back, becoming the most loyal customers (Lovelock, 1984).

Evidence given by Tax, Brown and Chandrashekar (1998) in their study to investigate customer evaluations of service complaints revealed that one variable frequently affecting customer and employee loyalty or commitment, is satisfaction. According to them, satisfaction reinforces the customer's decision to participate in the service process. The assumption here is that continued participation in a relationship by customers (behavioural indicator) is a function of being satisfied with the quality of service provided. However, with time, such participation will eventually result in strong loyalty or commitment.

In investigating the relationship between service satisfaction and loyalty behaviours, Reichheld and Sasser (1990) found that high quality products and associated services designed to meet customer needs, create high levels of customer satisfaction. The high level of customer satisfaction will lead to increased customer loyalty. Results also showed that it is totally satisfied customers who are more likely to repurchase or use services than dissatisfied customers. The implications in a service sector, like banking, are numerous. For example, in today's turbulent and competitive business environments, most managers should be concerned if the majority of their customers fall in the satisfied category. Such customers have reasons for not being totally satisfied. Some elements of their experience with the organisation might not be acceptable and that shortfall in performance is sufficient enough for them to consider alternatives. Similarly, it is not suffice for managers to just measure customers' outward loyalty. They should understand what portion of customers' seeming loyalty is true loyalty based on the organisation's delivery of superior value and what portion is artificial. In terms of both satisfaction and loyalty in the banking sector, merely satisfying customers who have the freedom to make choices is not enough to keep them loyal. The only true loyal customers are those that are totally satisfied.

According to Anderson, Fornell and Lehmann (1994) a key antecedent to both continued patronage and organisational profitability is satisfaction with services provision. They argued that satisfied customers exhibit reduced price elasticities and greater competitive resistance. With satisfied customers organisations experience or enjoy reduced failure costs and an enhanced reputation. Thus, satisfaction can be regarded as an antecedent of post purchase attitude, and repeat patronage, purchase intentions as well as other behavioural intentions (Parasuraman *et al.*, 1996).

The different explanations emerging from service delivery researchers reflect the complexity of the relationship among the three constructs of service quality, satisfaction, and loyalty. However, there seem to be a consensus among the majority of these researchers that service quality precedes both satisfaction and behaviour intentions (an indication of loyalty), and that loyalty is also a function of service satisfaction.

2.5 Management of customer – contact employees

2.5.1 Preamble

In many cases customer contact employees are the first and only representation of an organisation upon which customers often base their impressions of the organisation. Contact employees in service organisations are regarded as pivotal in forming customers' levels of perceived service quality (Parasuraman *et al.*, 1985). Many researchers have alluded to the above statement. For example, Jones and Sasser, Jr (1995) pointed out that employees who have direct contact with customers provide a superb means of listening to customers. To take full advantage of the contact employees' interaction with customers, organisations must train them to listen effectively and to make first attempts that amend when customers have bad experiences. Marshall (1995) argued that service organisations that excel, realise that people who make contact with customers are the ones who ultimately create value. They are the ones who determine the kinds of experiences that the organisation creates for its customers. From a customer's perspective Weiser (1995) reiterated other researchers' views by stating that the quality and value of services or products are determined to a greater extent by the people delivering the service. Contact employees therefore need to be designed together with their service attitude to meet the needs and preferences of customers.

Bowen and Schneider (1985) also pointed out that because of the service encounter, service organisations must find ways of effectively manage their contact employees and ensure that their attitudes and behaviours are conducive to the delivery of quality service. Similarly, Zepiel (1990) showed that the use of a service is a process that relies upon the service provider and his or her interaction with customers. As a result, customers' perceptions of contact employees will reflect the employees' perceptions of the organisation.

Services are intangible. In many cases the only tangible evidence available to compare quality and performance in a service transaction is through the contact employee with whom customers come into contact with (Mohr & Bitner, 1995). Since contact employees

contribute to service excellence by delivering on the promise of the organisation, customers' perceptions of the service in terms of its delivery is important in forming perception of the service outcome and satisfaction. Gronroos (1990) share the same sentiments by arguing that, because service is in the delivery, it is the interaction between the service deliverer (contact employee) and the customer that determines service quality for the customer. It is thus justifiable to argue that in service industries the contact persons influence the customers' perceptions of the organisation. The service deliverer is the main cue for customers regarding the service being sold. The present study regards employee service quality as one of the constructs that influence satisfaction.

From the preceding findings it can be concluded that, service personnel appear to be key to service delivery and other related encounters. Because of such importance, the customers' ultimate satisfaction or dissatisfaction is likely to be couched in terms of how employees handle service delivery issues. However, contact employees' handling of the service delivery process is contingent upon how they are managed. It has been established that, delivering long term and consistent value in a service business begins and ends with how contact employees are trained, nurtured, and led (Marshall, 1995).

2.5.2 Management commitment to service quality (MCSQ)

The management of contact employees in service organisations influences their attitudes and behaviours in the service delivery process. The management of contact employees is thus essential to the success of service industries. However, the management of customer contact employees depends on the commitment of management to service quality. According to Ahmed and Parasuraman (1994), management commitment to service quality (MCSQ) encompasses the deliberate conscious choice of quality initiatives as operational and strategic options for the organisation. It entails engaging in activities such as providing visible quality leadership and resources for the adoption and implementation of quality initiatives. Management commitment to service quality involves: (1) Strong personal commitment to quality improvement and (2) a visible and active involvement in the quality improvement processes. In tandem with the above assertions, Ferrell and

Hartline (1996) showed that managers must be committed to improving service quality before engaging in activities that have the potential to improve service quality. Similarly, previous research has documented that management commitment to service quality is the most important determinant of exceptional service quality (Gronroos, 1993).

From the above findings it is possible to assume that management commitment to service quality is important because it helps align the organisation towards a common goal of superior service quality. In other words, management commitment to service quality will become management's vision for the organisation. This vision, when developed and communicated to employees, is likely to be noticed and modeled by the employees. This results in increased employee satisfaction with service quality.

2.5.3 Organisational climate and culture

All the influences exerted on the contact employee by management because of their presence in the organisation, with the exception of the job content and external influences, are regarded as job context influences affecting the contact employee in the job context environment (Gerber, Nel & van Dyk, 1998). Poster and Hackman (1997:437) emphasise the significance of these influences on contact employees' behaviours by arguing that, "...among the many influences on the work behaviour of individual employees in service organisation settings, none is more important or more persuasive than the design of the organisation itself - organisational design being the total arrangement of structural factors that constitute the basic form and nature of the organisation."

The job context environment results in interpersonal job satisfaction as a result of employee interaction with peers, supervisors, and clients. In service settings such as financial institutions, such interpersonal satisfaction might refer to satisfaction experienced by contact employees within the formal execution of their tasks. However, within the job context environment, certain elements have either negative or positive effects on the individual employee's functioning and their inclination to perform as important within the

job environment. Such elements are the organisational culture, organisational climate, leadership styles, and certain working conditions.

Organisational climate is regarded as an all-encompassing concept that is a result of all elements contained in the job context environment. The climate within a specific organisation may be a result of the management style (Gerber *et al.*, 1998). Govender (1998) referred to organisational climate as an organisation's overall "climate for service", the atmospheric or feel of the setting which shapes employees' and customers' attitudes about the process and outcome of service delivering. In service sectors, climate would refer to organisational dynamics that have an impact on employees' performance as well as the people the organisation serve. On the other hand, Sanderlands (1994) argued that organisational climate deals with organisational characteristics, which are perceived by individuals. It entails anything in the organisation which members interpret or attach meaning to in their attempt to make sense of the organisational environment. Organisational characteristics include direct management practices and procedures that communicate quality service as a top priority within the organisational setting. Management practices have direct effect on contact employees' performance. Thus, to ensure that service encounters are successful, service organisation managers need to devise strategies to improve employee behaviours.

2.5.4 Organisational socialisation and organisational climate

Senge (1990) posits that it is through organisational socialisation that employees become aware of the philosophy and corporate culture of their organisation. Socialisation focuses on how individuals learn the beliefs, values, orientations, and behaviour skills necessary to fulfill their roles and function effectively within an organisation's milieu. The process includes inter - alia, formal and informal programmes. During the formal socialisation employees are separated from others while they learn about the organisation and tasks. During informal socialisation (new) employees interact with more experienced employees, become integrated into their workgroups, and learn the job.

Since service organisation employees have face to face with customers, their work may result in increased stress and strain as they try to meet conflicting demands from both management and customers. According to Bitner, Booms and Tetreault (1990), because the service-providing environment presents significant friction (which causes stress) between the employee and organisational goals, effective management of this friction by managers is important. The idea is to change stressful service encounters to ones that create high employee satisfaction and help build a long lasting relationship. In a study to investigate employee behaviour in service environment, Babin and Boles (1998) found that the service provider's role stress affects job performance, job satisfaction, and influences quitting intentions indirectly.

Bowen and Schneider (1985) assert that management can potentially manage employee stress by establishing a climate in which employees' desires to give good service are made easier and encouraged. Wood (1994) concur by arguing that, the climate for service created in an organisation, including how service is delivered is critical for service units' effectiveness. For example, when employees feel the climate for service is warm and "friendly", their perceptions of service quality are more positive and loyalty to the service unit is enhanced. Martin (1990) echoed almost the same sentiments by stating that, unlike the earth's atmosphere, the atmosphere within a work environment can be controlled. It can be made better or worse by the actions of its leaders.

In light of the aforementioned, and in line with the present study, it might be argued that organisational climate influences contact employees' satisfaction and loyalty towards a service organisation. Brown (1995) posits that organisational climate is a relatively enduring quality of an organisation that is experienced by employees and influences their attitudes and behaviours.

2.5.5 Organisational socialisation and role perceptions

Service employees are susceptible to role conflict because they occupy positions at the boundary between the customers and the organisations. They must try to satisfy the often-

inconsistent demands of people in two independent organisations. Wagner and Hollenbeck (1996) assert that socialisation tactics adopted by management influence role orientations that new comers ultimately adopt. When an individual employee has gained an appropriate understanding of his or her role and the roles of other members' of the role set, it is possible to formulate accurate role perceptions. Schneider and Bowen (1995) propose that in order for the service employees to learn their roles and be able to form accurate role perceptions for the service encounter, they must be socialised into the organisation.

In many cases, the socialisation tactics chosen by managers of service organisations (both formal and informal) result in role conflict and role ambiguity among service employees. According to Govender (1998), role ambiguity among employees arises when their work roles, that is, the scopes and responsibilities of their jobs and what others expect of them are so poorly structured as to be uncertain and ill defined. Employees will not be sure exactly what to do in executing job related activities. Role ambiguity prevents employees from experiencing a sense of commitment. Lysonski (1982) ascertained that role ambiguity has a negative influence on service quality perceptions among employees. Similarly, Babin and Boles (1998) showed that service providers (contact employees) believe that rules, regulations and policies enforced by management are often the primary reasons for their failure to satisfy customers completely. As a result, any attempts by the employees to adjust to customers' wrath would create role ambiguity. The researchers further established that role ambiguity affects job satisfaction, and reduces performance through diminished effort and delays in taking action. In financial services, role ambiguity diminishes contact employees' ability to serve customers, and indirectly decreases both customers' and employees' perceptions of service quality (Ferrell & Hartline, 1996). In other words, role ambiguity affects service employees' performance; this may spill over to the perceptions of service quality on the part of customers.

Rowland and Ferries (1982) assert that the organisational climate can also be explained in terms of the role theory. Incongruence between the service orientation of management and the perceived orientation by employees may engender role conflict. Role conflict prohibits

employees from experiencing a sense of accomplishment, because the employees are unclear about what ought to be accomplished first. Govender (1998) hypothesised that in many cases role conflict experienced by the service employee is positively associated with the organisational climate for service as perceived by the employee.

In a study to examine human resource management strategies in managing service quality Govender (2000) found that employees' perceptions of informal socialisation was positively correlated with the employees' role ambiguity. More specifically, the more role ambiguity the employee experiences, the lower the level of informal socialisation perceived by the employee and vice-versa. However, the study established that perceptions of role ambiguity among the service employees do not exert influence on overall service quality as perceived by the customers. Hartline and Ferrell (1996) echoed the findings and reported that informal socialisation has a strong negative relationship with the employee role conflict and role ambiguity. In the banking sector, the association may not be negative as service employees undergo formal socialisation process when they join the organisation.

It is apparent from the aforementioned studies that management tactics in orienting employees to customer service have an impact on their role perceptions. It has also emerged that employee service quality is important in determining overall service quality. Service quality organisations should therefore improve overall service quality perceptions of employees by improving or managing the employee service delivery process. The realisation that informal socialisation as a tactic strongly influencing employees' perceptions of the organisational raises questions especially in financial institutions where new and old employees are always subjected to formal socialisation processes. However, despite such limitations in the findings, service organisations could influence the service employees' and customers' perceptions of the overall service quality by developing healthy informal socialisation policies and "warm" organisational climates.

2.5.6 Organisational socialisation and organisational culture

Organisational culture, that is the behaviour patterns and standards that bind the organisation together; the sum of behaviour patterns built up over many years; how things

are done in an organisation; the typical habits, and prevailing attitudes, has been documented as influencing employees' attitudes, turnover and the likelihood that employees would recommend the organisation to friends, family, and customers (Rucci et al., 1998; White, 1991). Although statistical evidence seems to be lacking, it is at present widely acknowledged that organisational culture has the potential of having a significant effect on organisational performance. Organisations that are characterized by a strong set of core managerial values that define the ways in which they conduct their businesses, how they treat employees, customers, and suppliers, are regarded as having sound cultures.

In the service sector, several organisational culture dimensions have been identified as influencing employee satisfaction. For example, person orientation - organisational life being principally guided by considerations of what could best satisfy the members' needs; and customer orientation - the extent to which the organisation takes the views of customers seriously and actively responds to such views (White (1991). An adoption of such dimensions results in employees' satisfaction and the development of attitudes (positive or negative) towards their jobs and the organisation as a whole. Such attitudes will in turn have a greater effect on employees' loyalty and behaviours towards the customers.

Organisational culture is usually depicted in the quality of management adopted by the organisation. The quality of management is regarded as a result of the adoption of certain leadership styles. In the service settings, it is the adoption of strategies to improve service quality. As Bowen and Cumming (1990:17) put it, "... service excellence springs from leadership and organisational culture, characteristics which cannot be purchased from a store." It might therefore be argued that service quality perceptions among employees are a function of organisational socialisation as reflected in the organisational culture.

Service organisations can adopt different control mechanisms as part of creating particular organisational culture. The adoptions are done in an attempt to introduce and implement customer oriented strategies. According to Hartline, Matham and McKee (2000) the

marketing control theory helps to clarify how management - initiated and employee - initiated control mechanisms can be employed effectively to inspire contact employees to perform in accordance with a customer-oriented strategy. Marketing control refers to management's attempts to influence the behavior and activities of marketing personnel to achieve desired outcome. Marketing control therefore, affects individual actions first and then affects their attitudes. In the present study, marketing control can be viewed as part of organisational socialisation strategy, and plays a vital role in explaining how contact employees are managed and encouraged to carry out customer-oriented marketing strategy.

In tandem with the adoption of either management – initiated control or employee - initiated control is the notion of workgroup socialisation. Theory (1988) described workgroup socialisation as the process by which employees acquire the social knowledge and organisational skills necessary to assume organisational roles. It also includes social interaction among organisational members. Workgroup socialisation has important implications for service organisations. Studies (e.g., Jones, 1986) have found that workgroup socialisation increases the likelihood that employees will adopt the role orientation behaviours prescribed by the organisation. Thus, service organisations could employ workgroup socialisation to teach contact employees the norms and behaviours that are consistent with customer-oriented strategy. Customer contact employees who work in an atmosphere of customer orientation are more likely to engage in and enforce the professional or social controls that stem from organisational culture as reflected in management's adoption of workgroup socialisation. Mathew and Zajac (1990) concur when they pointed out that when both management - oriented and employee – initiated controls are aligned with the organisation's customer oriented strategy, customer contact employees are more likely to exhibit the sought after responses of service satisfaction, loyalty, and shared values.

2.5.7 Job satisfaction and service quality perceptions

It has been established that managers who are committed to service quality are more likely to empower their employees and use behaviour - based evaluation techniques (Ferrell & Hartline, 1996). In their study to examine attitudinal and behavioural responses of customer contact employees that can influence customers' perceptions of service quality they discovered that, to increase customers' perceptions of service quality, managers must increase employees' self-efficacy, job satisfaction, and autonomy in the service delivery process. Similarly, in a study to address service employee management Bowen and Schneider (1985) recommended the involvement of employees in planning and organising of service activities; the recognition that the work environment of service employees has strong influence on how employees and customers experience the service; and understanding that the organisation's overall human resource practices can ultimately influence customers' service experiences. The underlying premise here is that, if managements treat their employees well, the employees will in turn treat the customers well. Both groups will become satisfied during the service encounter.

Research has shown that contact employees are better able to satisfy customers when they have some control over the service encounter (Bitner, 1990). As a result, customers will get satisfied with the service encounter when they realise that employees possess the ability, willingness and competency to solve their problems. Such employee control contributes to overall job satisfaction, which in turn promotes employee satisfaction with the overall organisational climate (Bitner *et al.*, 1990).

Bowen and Schneider (1985) put forward the notion of self - efficacy in line with the ability and control of employees in the service encounter process. They argued that employees' self - efficacy, that is, the belief in one's ability to execute a particular task, has a positive relationship with employees' performance. It is therefore reasonable to argue that contact employees who possess self – efficacy beliefs are more likely to create favourable service encounters than those who do not have strong self - efficacy beliefs. However, the development of self - efficacy beliefs among employees is a function of

management's adoption of the customer - oriented strategy, which in turn depends on management's commitment to the customer - oriented strategy, and how the strategy is communicated among the employees.

Other researchers (e.g.. Spiro & Weitz, 1990) have posited that employees' ability to adjust their behaviours to the interpersonal demands of the service encounter shows their adaptability to the service environment. Adaptability can be described as a continuum, ranging from conformity to an established script in which employees approach each customer the same way, to service personalisation, in which employees must adapt to serve individual customers. Employee adaptability has been shown to be linked to job satisfaction and employee performance. It has also been linked to customers' perceptions of the service encounter. Bitner *et al.* (1990) concur when they suggest that customers evaluate the service encounter more frequently, when employees are able to adapt to meet the customers' special needs and requests. Based on such findings, it is reasonable to expect that contact employees who experience job satisfaction are able to adapt their behaviours during their interaction with customers. This enables the fulfillment of customers' requests and promotion of positive perceptions of the service quality.

2.5.8 Employee empowerment and service quality perceptions

As previously stated, management activities have the potential to affect employee behaviours and responses in ways that improve service quality. Such management-initiated mechanisms influence the probability that employees will behave in ways that support the organisation's stated marketing objectives (Hartline & Ferrell, 1996). Research has addressed the importance of such process control mechanisms and argued that, to effectively manage boundary-spinning service employees, managers should maintain flexible work climate; place greater emphasis on the organisation's human resource practices; reward employees for their contribution to customer satisfaction; increase employee commitment to the service, and empower employees in serving customers (Bowen & Schneider, 1985)

Empowerment of contact employees means giving them the discretion to make day-to-day decisions about job related activities. Such discretions allow the managers to relinquish control over many aspects of the service process. Allowing contact employees to use their discretion in serving customers gives them a sense of control over the encounter process. According to Bowen and Lawler (1992), employees feel better about the whole organisational service climate, feel better about their jobs, and more enthusiastic to serve customers. The end results are quicker responses to customer needs and increased satisfaction for both employees and customers.

Contrary to literature on empowering employees in service organisations, Conger and Kanungo (1988) argued that the use of empowerment leads to both positive and negative employee outcomes. They maintained that, although empowered employees gain confidence in their abilities, they also experience increased frustration (conflict) in their attempt to fulfill multiple roles at the organisation boundary. In addition to fulfilling demands of their managers and customers, empowered employees take on added responsibilities, resulting in decreased self efficacy, job satisfaction and adaptability.

Similarly, in a study to determine the corridors of influence in the dissemination of customer orientation strategy to customer contact employee Hartline *et al.* (2000) found that empowerment has limited impact on cascading down the customer –oriented strategy, unless the organisation takes the necessary steps to relax its structure. This is consistent with Bowen and Lawler (1992), who argued that empowerment cannot be effective unless the organisation reduces its reliance on standardised rules and procedures. They further maintained that employee empowerment cannot even be effective in building commitment without emphasis on behaviour criteria in employee evaluations. However, there is ample evidence from previous researchers of a relationship between job commitment (which is strongly related to employee perceived empowerment) and organisational commitment (Mathew & Zajoc, 1990).

2.6 Management of customers in service organisations

2.6.1 Organisational socialisation of customers

Govender's (1998) study to determine the effects of two types of socialisation strategies on customers' perceptions of service quality ascertained that, by means of formal and informal socialisation tactics, service managers can influence customers' perceptions of the overall service quality.

Empirical evidence supports the view that an organisational climate, which supports service, has a positive impact on the customers' perceptions of employee service quality (Parasuraman *et al.*, 1990). They suggested a number of ways in which the service performance gap could be closed, *inter alia* the provision of role clarity, informing customers about what is expected of them, what goals, objectives, strategies, and philosophy of the organisation are. These suggestions imply the need for organisational socialisation of the service customer. Other researchers (e. g. Schneider & Bowen, 1995) concur by pointing out that the service customer should be socialised into the organisation. Furthermore, Kelly (1987) argued that on the basis of customer organisation membership notion, the service customer is a member of the service organisation in the sense that he or she provides resources to the service organisation. This suggests that the socialisation of customers into the service organisation may have an impact upon their retention and satisfaction with service quality.

Solomon, Surprenant and Czepiel (1985) pointed out that when customers and service employees "read from a common script" (when both are appropriately socialised into the organisation), the service encounter would be satisfying to both.

It can be concluded that, with controlled socialisation of service customers in service organisations, customers become fully integrated in the provision of services and not serve as "partial-employees". On the other hand, since customers pass judgments on the business at contact points, their socialisation should focus on the kind of behaviours

expected of them at contact points. The process helps in exploring opportunities to create favourable expressions of service quality by the same customers.

2.7 Customer satisfaction

2.7.1 Preamble

Except in few rare instances, complete customer satisfaction is regarded as the key to securing customer loyalty and generating superior long - term financial performance among service organisations (Jones & Sasser, Jr, 1995). In markets such as financial institutions where competition is tense, customer satisfaction has taken a centre stage in securing organisational viability. A completely satisfied customer believes that the organisation excels in understanding and addressing his or her personal preferences, values, needs, and problems. This results in his or her continued relationship or partnership with the organisation.

2.7.2 Transaction –specific and cumulative theory of customer satisfaction

Literature suggests that overall customer satisfaction with service provision has two conceptualisations: Transaction-specific and cumulative. From transaction- specific perspective, customer satisfaction is viewed as a post – choice evaluative judgment of a specific purchase or service (Hunt, 1977; Oliver, 1993). Cumulative customer satisfaction is an overall satisfaction based on total purchase and consumption experience with the goods or service (Fornell, 1992; Johnson & Fornell, 1991). Cumulative satisfaction is a summing satisfaction with specific products and services of the organisation. It is also satisfaction with various facets of the organisation, such as physical facilities. Thus, high cumulative satisfaction indicates an increase in loyalty by an organisation's current customers.

Anderson, Fornell and Lehmann (1994) provide support for the above theoretical explanation by concurring that customers require experience with a product or service to determine how satisfied they are with it. Thus, customer satisfaction is not only dependent on current experience, but also past experience as well as future or anticipated experience.

Westbrook (1987) agreed that satisfaction with an organisation is a cumulative, attitude like construct that is composed of satisfaction with specific components such as people and products. In financial institutions, satisfaction might be regarded as an accumulation of separate satisfaction evaluations with contact employees, the institution's environment, and the different kinds of services being offered. Crosby and Stephens (1987) found that overall satisfaction with the life insurance has separate components of satisfaction with the agent (service provider), the core service, and the organisation. Physical settings were also found to influence customers' ultimate satisfaction with the organisation. Because of the intangibility of services, some customers may use the physical environment cues to assist them to form global impressions. In the current investigation, the attitude of customers towards the physical facilities of the bank are assumed to have an effect on their overall satisfaction with the services offered by the same bank.

2.7.3 Expectancy-disconfirmation theory

The expectancy –disconfirmation theory of Oliver (1980) proposes that customers judge satisfaction with a product or service by comparing previously held expectations with perceived product or service performance. If performance is above (below) expectations positive (negative) disconfirmation occurs and increases (decreases) in satisfaction are expected. According to this theory customer satisfaction is a function of expectations and disconfirmations. Predictive expectations are used as the standard of comparisons. More importantly, Oliver (1997) suggests that two underlying forces drive this expectancy-disconfirmation process: Assimilation and contrast effects.

Assimilation strategy implies a heavy reliance on expectations in arriving at satisfaction judgments. Thus, customers assimilate performance towards previously held expectations. Expectations are viewed as the anchor for future performance evaluations. They are also believed to take an increased importance under conditions of high performance ambiguity. Alternatively, contrast levels show themselves in satisfaction judgment. Customers are likely to exaggerate the perceived levels of performance. Thus, levels that exceed expectations are rated much higher than they really are. In effect, a customer is believed to

magnify perceptions of performance in the direction of the discrepancy. Disconfirmation (a proxy for contrast effects) is strongest under conditions of high salience when customers are easily able to discern performance differences.

2.7.4 The comparison level theory

Thibaut and Kelly (1959) assert that the key determining the level of satisfaction with and motivation to remain in a marketing relationship is the concept of comparison level. The comparison level is the standard against which a customer evaluates the attractiveness of the relationship or how satisfactory it is. The comparison level for alternatives tends to move to the level of outcomes currently being attained. Thus, a customer who has experienced declining outcomes with a previous provider and switches because of dissatisfaction will enter a new relationship with a reduced comparison level. We therefore expect this customer to show high levels of satisfaction relative to the other customer who has experienced relatively little change in his or her comparison level. The current study assumes that customers who switch to new banks will be more satisfied with their new service provider because they switch with reduced comparison levels.

2.7.5 Determinants of customer satisfaction

Satisfaction of customers with the service delivery can be affected or determined by a number of factors. Research suggests that such factors are the basic elements of the product or service that customers expect all competitors to deliver. According to Jones and Sasser, Jr (1995) the elements include: Basic support services such as customer assistance; a recovery process for counteracting bad experiences and extraordinary services that so excel in meeting customers' personal preferences in appealing to their values, or in solving their particular problems. This is typical of product or service customisation. Therefore, the satisfaction or dissatisfaction levels of the majority of organisation's customers help determine which of these elements the organisation should focus on delivering.

Tetreault (1990) argued that factors that affect the evaluation of service satisfaction can be grouped into three categories: Employee responses to service delivery; employee responses to customer needs and requests; and unprompted and unsolicited actions by employees. Similarly, Bettencourt and Gwinner (1996) discovered that satisfaction by customers with services delivery is based on four domains: Memorable satisfying incidents; excellent service recovery; customisation or flexibility, and spontaneous delight. Other interpersonal encounter researchers (e.g., Tax *et al.*, 1998) demonstrated how dissatisfaction among customers is associated with service employees' ability to customise service. Thus, customers appreciate service providers' abilities to adapt and adjust elements of the service in real time during service delivery to meet their needs, and are dissatisfied when employees cannot do so.

Research also highlights that successful recovery in the work of a service delivery failure (spontaneous delight) is satisfying to customers. In a positive sense, spontaneous delight occurs when an employee provides customers with an unexpectedly pleasing experience (Oliver, Rust & Varki, 1997). Thus, creating customer satisfaction is affected by an organisation creating or not creating an endless array of possibilities for delighting customers in highly customised unique ways. For example, in financial institutions, given an adequate knowledge of customer base, the organisation could send unsolicited, personally relevant information to customers or provide rewards (e. g. discounts) that would be highly valued by a particular group of customers.

Among financial institutions today are tremendous efforts to attract, satisfy, and retain customers through self- service technologies (SSTs). Such efforts are adopted in line with globalisation, which has reduced the world into, one small village where products and services compete. However, financial institutions provide SSTs for a variety of reasons. Questions regarding accounts, bill paying, and delivery tracking are some of the customer services provided through SSTs. A fundamental reason for the adoption of SSTs by many financial institutions is the ability of customers to do direct transaction without any direct interaction with the organisation's employees. The relative advantages of SSTs that

customers perceive over typical interpersonal encounter are time saving, ease of use, and access. Almost half of all retail banking transactions are now done without the direct assistance of the bank teller (Lawrence & Karr, 1996).

In a study to establish the levels of satisfaction and dissatisfaction among customers as they interact with SSTs, Meuter, Ostrom, Roundtree and Bitner, (2000) found that customers are satisfied with SSTs because of their ability to bail them out of immediate or troubling situations. SSTs are ideally suited to handle many such situations because of their pervasive nature and relatively easy accessibility. A readily accessible SST provides valuable advantage over the competitor not offering SST alternatives. Results of the same study also revealed that novelty of an SST and its ability to do what it is intended to do is satisfying in itself. However, customers are dissatisfied when they are prevented from using SSTs or when SSTs fail. In such situations (especially in the financial sector), customers are driven to switch service providers or return to interpersonal encounter. This overloads employees and increases waiting time for the customers.

According to Folkes, Koletsky and Graham (1997), the use of SSTs to promote customer satisfaction is only important when they are designed with customer needs in mind and fully integrated into the design of the overall service. Including customers in the design of SSTs and the corresponding service process reduces dissatisfaction. Implications for managers are that they should understand the immediate needs of their customers in order to design and position their SSTs relative to the competitor.

In their contribution to factors that drive customer satisfaction Rust and Zahorik (1993) pointed out that, satisfaction with specific service attributes should be measured routinely when investigating satisfaction and switching behaviour among customers. They argued that the reason for such an approach is the multidimensional nature of service quality. The multidimensional nature of service quality makes it imperative for some dimensions to be viewed as more important than others in determining overall satisfaction and intentions to switch or patronise. In support of this multidimensionality nature of services Parasuraman

et al. (1988) have showed that five dimensions are most relevant in determining perceptions of overall service quality and overall satisfaction. These are: Tangibles, reliability, responsiveness, assurance and empathy. Recent research (e.g., Rust & Zahorik, 1993) has also shown that other factors such as convenience and warmth are also important in determining satisfaction. An underlying notion of all these factors is the interaction with organisational representatives - which theory suggests may be the most determinant factor of overall satisfaction and repeat patronage in many service organisations.

2.8 Loyalty in service organisations

2.8.1 Preamble

According to Steyn (2000), it is no longer sufficient for organisations to concentrate solely on good price, high quality, and meeting deadlines to remain in business. Customer loyalty has become a critical driver of businesses around the world. Thus, the notion of building relationships and delivering quality service in order to promote loyalty has become popular in the in the service sector, where it is often argued that customer attraction costs are significantly higher than retention costs (Ennew & Binks, 1996).

Loyalty is regarded as a combination of both commitments to a relationship and overt loyalty behaviours (Dick & Basu, 1994). Other researchers (e.g., Ennew & Binks, 1996) see loyalty as an attitudinal construct. They argued that although attitude and behaviour are related, a positive attitude does not always result in continued patronage or loyalty. In the context of service relationships, this suggests that not all retained customers have a positive attitude to their service provider, and that not all customers with a positive attitude are retained.

As previously mentioned, service quality is seen as a key antecedent to successful customer relationships. Therefore, offering a superior service, which the competitor cannot match, provides customers with a reason for selecting and remaining with a particular service provider. Conversely, a service offer that is inferior or distinct may lead

to increased likelihood of defection by the customers. Service quality can, in principle, provide the basis for enhanced loyalty and improved business performance.

2.8.2 Theories of customer loyalty

2.8.2.1 The comparison level theory

The comparison level theory of Thibaut and Kelly (1959) asserts that the comparison level for alternatives is the standard a person uses in deciding whether to remain in a relationship or not. It can be informally defined as “the lowest level of outcomes a person will accept in light of available opportunities”. With regards to loyalty, as soon as current perceived outcomes drop below comparison level for alternatives, a person is motivated to leave the relationship. On the other hand, the greater the distance between the comparison for alternatives and the actual outcomes, the closer the person comes to maximizing the reward - cost - trade off in the relationship, therefore the greater is the dependence and commitment on the part of the customer to continue the relationship.

When a customer’s level for comparison exceeds actual outcomes as well as the comparison level for alternatives, the customer becomes relatively dissatisfied (Dick and Basu, 1994). Likewise, as perceived outcomes fall below a person’s comparison levels for alternatives, that person is motivated to leave. The comparison level would have failed to represent the next best set of outcomes that could be attained (Thibaut & Kelly, 1959).

In service organisations, customers who switch for other reasons or customers who do not switch at all will be experiencing relatively small shifts in their comparison levels for alternatives. This is largely because perceived actual outcomes with their current service provider change little and their consideration set for available alternatives remains relatively unchanged. Similarly, customers who switch service providers for other reasons other than dissatisfaction are less likely to hold negative feelings towards their previous service provider. Many of these customers are likely to remember their previous service provider in a more positive light. They usually factor their previous experiences into

current expectations, emotions, and behaviours. These psychological constructs have been conceptualised to be antecedents of customer loyalty (Dick & Basu, 1994).

2.8.2.2 Memory and heuristic theory of loyalty

Research in memory and recall bias (Folkes, 1994) and heuristic processing (Tvesky & Kahnemann, 1974) suggest that loyalty can best be understood through emotionally charged and atypical experiences. Past experiences that are distinctive and easily distinguished from others are likely to be sampled more readily by customers when they recall service experiences and establish loyalty perceptions. Even when customers have difficulties in recalling specific events, heuristic processing that relies on recalling past service exemplars is often employed. The current study assumes that dissatisfaction with the services of the bank is more emotionally taxing than satisfaction with the services.

In contrast, primacy recency bias (Crano, 1977) suggests that the most recent switching event plays an influential role in establishing the comparison standards for the current service experience or evaluations. Essentially, recency bias suggests that people are more likely to recall more recent events than distant ones. Recency bias in service organisations therefore suggests that the more recent switching experience is likely to be given more weight in developing loyalty towards the current organisation.

2.8.3 True and active loyalty

Customers in any organisation can be genuinely loyal - having a positive attitude towards the organisation, or partially loyal - having a negative attitude towards the organisation. Partial loyalty defines a situation in which loyalty exists as a result of situational factors, which do not reflect the relative attitude of the customer or employee. The situational factors may be switching costs, locational constraints on choice, habit or inertia. Similarly, Jones and Sasser, Jr (1995) pointed out that partial loyalty is generated by factors like government regulations, high switching costs, proprietary technology that limit alternatives, and strong loyalty promotion programmes. These situational factors may well represent valid and rational reasons for repeat patronage. However, they do not

necessarily result in customers being favourably disposed towards the organisation (Dick & Basu, 1994). Organisations with such customers should therefore provide outstanding value. This can be achieved through proper knowledge of the customer base, which is, defining targets properly, and delivering service that completely meets the markets' needs.

The true value of the partially loyal customers is less certain because of their greater propensity to change, should situational factors become more favorable to switching. Indeed, from an attitudinal perspective, the partially loyal customers may have more in common with the non - loyal customers. However, the partially loyal customers are an interesting and important group. They are the customers at most risk – most likely to defect - but can be observed and contacted because they maintain a relationship with the organisation (Clarke & Payne, 1993). Through that relationship it may be possible to convert them from being partially loyal to being wholly loyal.

2.8.4 Active and passive loyalty

Researchers like Garnesh *et al.* (2000) have distinguished between active and passive loyalty behaviours. Active loyalty behaviour is defined as customers' proactive behavioural intentions that require deliberate or conscious effort to undertake. The initiation of such behaviours does not require changes in service relationship or service environment. However, these behaviours may exceed mere repeat patronage to include, positive word of mouth and expansion of service usage. Passive loyalty behaviour on the other hand, entails the elasticity of a customer's behaviour or behavioural intentions to significant changes in the service relationship or service environment. Thus, price insensitivity and self-stated retention are regarded as constituting passive loyalty.

Westbrook (1987) argued that customers are likely to engage in active loyalty behaviour when they have significant emotional experiences or increases in satisfaction. Thus, customers who switch to other providers because of dissatisfaction are more likely to experience continuous elevated levels of dissonance because their prior negative experiences remain in the set of knowable potential outcomes that they perceive as having

a non zero probability of occurrence (Oliver, 1997). In such cases of expecting high levels of dissonance, higher levels of dissonance reducing activity are prevalent. They may include active loyalty behaviours such as positive word of mouth about the organisation.

The notion of dissonance reduction to show active loyalty is closely related to the idea of risk aversion (Morgan & Hunt, 1994). Risk aversion is a general exploratory tendency that is relevant to understating customers' propensity to switch or remain in a relationship for intrinsic reasons. Customers who are risk averse are less likely to take risks or be adventurous. This is supported by Raju (1980) who pointed out that, being loyal to a brand product is a strategy customers use to control the risk inherent in certain buying situations. In financial services, it might be assumed that customers high in risk aversion are more likely to show active loyalty behaviours towards the current service provider compared to those who are less risk. In the current study, "stayers" are the ones assumed to be having high-risk aversion and more loyal than dissatisfied switchers and satisfied switchers.

2.8.5 Determinants of loyalty in service organisations

Organisations that build customer loyalty do so by ensuring that their employees are satisfied. Satisfied employees are more likely to provide responses necessary to delight customers. Satisfied employees are more likely to stay with the organisation and the business benefits from more informed, motivated and experienced workforce (Steyn, 2000). The bottom line is that employee loyalty is a significant driver of customer loyalty.

Creating and maintaining employee loyalty in organisations is affected by a number of factors. According to Singh (2000) management's commitment has a direct effect on turnover and act as a mediator on performance. Brown and Peterson (1993) shared the same sentiments when they pointed out that, management commitment has a dominant positive or negative impact on employee turnover. Indeed, most of the influences of attitudes (loyalty as an attitudinal construct) are mediated by the commitment of the organisation to employee satisfaction.

Performance productivity and quality also influence employee commitment. There is a considerable evidence to suggest that performance is positively associated with job attitudes, particularly in non-sales contexts such as banks (Brown & Peterson, 1993). Therefore, high levels of performance among employees engender the belief that the organisation is a source of future success opportunities. This facilitates increased commitment to the organisation.

As previously stated, evidence from Hartline *et al.* (2000) shows that service organisations can disseminate their customer-oriented strategy using specific management – control mechanisms such as workgroup socialisation. They further argued that workgroup socialisation has a positive effect on employees' commitment, and commitment has the most prominent effect on employees' shared values.

Workgroup socialisation elevates the employee - organisation relationship to a social exchange. Social exchange is based on a sense of common purpose. As Morrison (1996) notes, organisation - organised programs that enable employees to learn about the organisation and its members implicitly communicate to employees 'that the organisation is committed to building a sound exchange relationship'. Such organization - organised socialisation programs offer employees an opportunity to form stronger interpersonal attachments.

Interpersonal attachments have been shown to lead to heightened commitment to the organisation by the employees (Yoon, Baker & Ko, 1994). This is consistent with the argument that, the indoctrination elements of the socialisation process - officially presenting the organisational goals and values to the employees - can increase employees' identification with those goals and values, hence an increase in loyalty. It is therefore reasonable to posit that workgroup socialisation increases employee commitment. Allen and Meyer (1990) supported this notion of workgroup socialisation and employee commitment when they argued that, workgroup socialisation produces a custodial

orientation among employees, whereby they adopt organisationally derived norms, customs, and values.

The alignment of customer - oriented strategy with behaviour-based evaluation of employees by management has a positive effect on employee commitment. Behaviour based evaluations give employees control over their performance evaluations. Research shows that there is a positive relationship between employee control over their job and their commitment towards the organisation (Spector, 1986). By articulating procedures and providing close supervision and feedback, behaviour based evaluation may therefore clarify the employees' role and contribute to their organisational commitment.

Many service organisations today consider investment in complaint handling as a means of increasing customer loyalty. Tax *et al.* (1998) pointed out that satisfaction with complaint handling has a direct impact on trust, commitment and the development of loyalty among customers. Many complaints by customers ensue because they lack avenues to complain when a problem arises. It is thus critical for service organisations to provide an array of avenues (both interpersonally and technologically) that can be used by customers easily and quickly to lodge complaints or suggestions. Such a provision affects the future behaviour of customers. When customers view or perceive operational problems of the organisation as permanent, they are most unlikely to recommend the organisation and use its services again in future. Organisational design failures may therefore be particularly important for service organisations to avoid because of their serious consequences on customer loyalty.

A study by Booms and Tetreault (1990) showed that customers are likely to show loyalty behaviours towards an organisation in situations where initial service failures were followed by effective recoveries, such as being provided with an explanation as to why the service was unavailable.

2.8.6 The value of customer loyalty in service organisations

Creating and maintaining customer loyalty has become a strategic mandate in today's service markets. Research has shown that customer loyalty brings a lot of value to the organisation. Steyn (2000) argues that customer loyalty improves profitability. In a study to investigate the relationship between customer loyalty and organisational profitability it was discovered that customer centric organisations were typically 60% more profitable than non-customer centric organisations.

Customer loyalty also improves growth. Given the profitability of customer centric organisations and the relatively high cost of acquiring new customers, growth can be attributed to new customers added to a loyal customer base. Loyal customers help fuel growth in either ways too. They often become "apostles", willing to recommend a product or service to others. When an organisation tracks previous purchases, customer needs are also easier to predict and therefore satisfy. O'Brien and Jones (1995) pointed out that loyal customers most directly affect profit by ensuring a steady stream of future customers. Because of the current and future value, loyal customers are logically at the heart of an organisation's most valuable customer group.

2.9 Demographic influences on service satisfaction and loyalty

2.9.1 Preamble

Traditional marketing wisdom (the marketing concept) holds that knowledge of the consumer needs is central to the eventual survival of the organisation. More specifically, the needs and perceptions of consumers are of particular concern to the marketing manager who can use this information to structure effective market segmentation. The segmentation strategy will in turn influence the targeting strategy, the positioning strategy, and eventually the entire marketing strategy (Boshoff & Nel, 1992).

The heterogeneity of customers in many organisations may be a problem, but nowadays it is seen as an opportunity by consumer - oriented organisations. They see the heterogeneous of their customers as a way of fine - tuning their products and services for

specific market segments (Frank, Massy & Wind, 1992). Markets can be segmented on the basis of many variables. Various segmentation approaches can be noted. The first one can be described as a general customer characteristic segmentation, which uses variables such as socio-economic factors and personality traits. The second group comprises situation specific variables such as consumption patterns and perceptions. Some of these consumption patterns and perceptions include behaviour segmentation, usage, purchase occasion, benefit sought, user status, and attitude towards products. Of these two approaches, demographics are the most frequently used (Kotler, 1980).

2.9.2 Demographic variables and service quality perceptions

Research findings indicate the usefulness of demographic segmentation of customers. Different researchers have reported different conclusions. Gilbert and Kahl (1982) found social class to be useful in segmenting markets among professionals. They identified nine variables that influence social class. These are: Occupation, income, wealth, personal prestige, association, socialisation, power, class consciousness and mobility. Different social classes were found not only to be having distinctive values, but also different consumption patterns. Although the study was not done in a typical setting, it seems likely that bank customers and employees are also influenced by different criteria to evaluate the quality of service provided, depending on their social classes.

In a study to investigate black customers' perceptions of service quality in the life assurance industry in South Africa, Sandler, Brendixen and Elfassy (1995) found that for the factor of occupation and as far as credibility was concerned, managers felt that there was a definite quality problem while customers indicated a certain level of satisfaction with service quality for the same factor. Similarly, a sense of security was also found to influence customers' perceptions of service quality among English and Afrikaans. With regards to location, it was found that customers in Cape Town and Natal were significantly more satisfied than those in Johannesburg and Pretoria. Raw data from the study also indicated that professionals and perhaps more educated customers were more

satisfied than others. The reason was probably that these professional customers were from higher income levels and perceived themselves to be financially secure.

Babin and Boles (1998) examined the attitudes and behaviours of men and women who provide frontline services and addressed the extent to which relationships vary among them. The results showed that role stress affects female providers' job performance more negatively than it does to males, and that satisfaction is related more highly to quitting intent among males than females. Because both male and female customer-contact employees are charged with implementing strategic marketing decisions at the exchange point, they may respond differently to workplace events.

Research by Jick and Mitz (1985) indicated that female employees exhibit relatively high psychological mental distress, whereas male employees report relatively high physical distress. Other researchers showed that women report greater emotional exhaustion than men, but male employees display higher levels of co-worker depersonalisation (Himle, Jayaratne & Thyness, 1989). Hodson (1996) found that female industrial salespersons reported lower self-rated job performance than males. Females also reported greater satisfaction with pay, promotional opportunities, and higher overall job satisfaction than males. All these differences can be explained in terms of high levels of women's family responsibilities, which interfere with work responsibilities. However, personality researchers (e.g., Pulkkeim, 1996) explain the differences differently. He argued that differences between males and females arise on the basis of male tendencies towards high assertiveness, task mastery and individualism, and female tendencies towards concern for people, devotion and acquiescence. Thus, personality research is generally in congruence with men showing high levels of exploratory tendencies and women showing greater passiveness.

Role stress and performance research explains the differences between males and females in terms of submissiveness and compliance on the part of women. These two constructs are said to create a tendency for women to behave more consistently with voiced

organisational policies and rules. This makes it difficult for women to establish positive stress performance relationships (Jick & Mitz, 1985).

In many life instances women help as much or more than men. However, the moderator of helping is risk. According to Ramaswami (1996) when the risk is present, men tend to help to greater extent than women. In service providing environments such as banks in which both customers and managers are present, potential deviations from expectations are seen as risky and create stress. Therefore, to the extent that the customer is seen as needing help, and service provider performance is finally measured by relationships established with customer, men may cope with stress more positive than women.

Studies investigating the use of self-service technologies (SSTs) focused on the development of user profiles. The studies attempted to segment markets on the basis of willingness to participate in the delivery of services (Greco & Fields, 1991). Results showed that participants who showed willingness were younger, single and better educated and had a lower income level. However, the studies made no distinction between technology - based self-service scenarios and more labour intensive situations like in the banks.

Evidence by Cadotte, Woodruff and Jenkins (1987) suggests that the tenure and period of a customers' experience with a particular organisation determines his or her perceptions of satisfaction. Specifically, customers and employees who have stayed with the organisation for a longer period of time are likely to develop different standards of comparisons than customers who have stayed shorter periods. Doing business with an organization means having experience with it. Prior experiences thus influence service expectations. This argument is supported by studies, which suggest that a positive relationship exists between prior experience and current levels of expectations (Martin, 1990).

Boulding (1993) investigated expectations in satisfaction with service quality and found that, as tenure a customer have with a service provider increases, the expectation used as a

basis of comparison tend to adjust to new service providers. Thus, customers' current perceptions of service quality just after a service contact are in part influenced by their prior expectations of what will, and what should transpire during the contact. Through the expectancy-disconfirmation paradigm, it is expected that customers who switch services adapt over time to the new levels of services provided by the switched to organisation. Furthermore, Cadotte *et al.*, (1987) suggested that with the passage of time, customers are more likely to employ similar types of expectations. However, the studies do not specify how long it takes for this to happen. Implications for the current investigation are however noticeable. As tenure with the bank increases, customers are likely to employ common sets of expectations. Such an assumption would help provide an answer to questions like: "Is there a relationship between duration of stay with the current bank and customers' or employees' perceptions of satisfaction with and loyalty towards the bank?"

In a study to investigate the influence of demographic variables on service quality perceptions in the motor industry, Boshoff and Nel (1992) discovered that age and the level of education exert a significant influence on perceptions of service quality. Young customers and relatively well - qualified customers rated service quality lower than do older customers and customers who were not qualified academically. Frank *et al.* (1992) concur by pointing out that age is one of the oldest and acceptable bases for segmentation of markets. They however, cautioned that the validity of demographics in influencing service quality perceptions and subsequent segmentation of markets depends on the type of products bought or services frequently utilised.

2.10 Conclusion

The review of related literature revealed the following conclusions:

- By understanding service quality, service organisations are in a position to improve the process and outcomes of service provision.
- Knowledge of how customers can evaluate services from different perspective is a panacea for service organisations to tailor make their products and services.

- The relationship that exists between service satisfaction and loyalty gives service organisations the obligation to be “totally” committed to the service quality through proper management of contact employees.
- Organisational dynamics, *inter alia* organizational climate and employee socialisation engender the formulation of policies for effective relationship management by service organisations.
- Customers and contact employees who experience job satisfaction through empowerment and several other specific attributes, for example, giving customers the opportunity to participate in relationship management building, are able to be loyal and committed to the organisation.
- Service organisations should always take inventories of their customer bases. This helps in understanding the value of satisfied, dissatisfied, loyal and non- loyal customers.
- Certain individual characteristics of both customers and employees serviced by any organisation should not be neglected as these have a strong bearing on attitude formation towards the organisation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design that was employed in this current investigation. The chapter also describes the populations of the tellers and customers, the sample for each as well as the sampling procedures. Data collection instruments employed in the investigation, the administration of the instruments as well as their reliability and validity are also described. The chapter ends by discussing the different statistical tests used to analyse data for the study.

3.2 Research Design

The design used in the investigation was a non-experimental independent groups design (Kerlinger ,1965).

This design was appropriate for the following reasons:

- Two independent groups, that is, bank tellers and customers drawn from different populations, were being compared.
- The nature of the research problem did not allow for the manipulation of any independent variables.
- There was very little control of extraneous variables.
- Respondents from each group could be selected and assigned randomly.
- Respondents from each group could be exposed to the same stimuli (items in the questionnaire) and differences between them by compared.

3.3 Method

The survey method was used to collect data from tellers and the three groups of customers of the bank.

3.3.1 Rationale for the method

- It was consistent with that used in much of the other service encounter and complaint research (Bitner *et al.*, 1990; Kelly, Hoffman & Dans, 1993).

- The researcher was interested in collecting data from a large group of respondents within a short period of time.
- The survey method was considered as convenient as it allows the expression of opinions and past or present behaviour without much bias (Newman. 1997).
- For the current study, the survey method enabled the collection of data from tellers and customers by probing their opinions, perceptions, attitudes, beliefs and experience with the bank.
- The survey method allowed data collected to be quantitatively analysed.

3.4 Respondents

Two independent groups, that is, bank tellers and customers, drawn from different populations, were the respondents in this investigation.

3.4.1 Tellers

3.4.1.1 Population

The population of the bank's tellers comprised all 122 bank tellers the bank had in its employ, in its 20 branches in the country at the time of the investigation. The bank, unfortunately, did not provide information on the distribution of all its tellers according to demographic indices.

3.4.2 Customers

3.4.2.1 Population

The population of the customers comprised all the bank's 140 000 customers from its 20 branches during at the time of the investigation. Information on the demographic distribution of its customers across demographic indices was, unfortunately, not provided by the bank.

3.5 Sample and sampling procedure

3.5.1 Tellers

3.5.1.1 Sample

A sample of 100 bank tellers, who had contacts and served customers on a daily basis, was used for the study. Fifty of the sample of tellers were males and fifty females, respectively. The age range for males in the sample was 25 to 34 years, while that for females was 18 to 24 years. Eighty-six were from urban areas and fourteen from rural areas. Fifty (50%) had college education, forty-one had high school education, six had university education, two had primary education and one had no formal education. Fifty-six had 0 to 5 years work experience, twenty-nine had 6 to 11 years, thirteen had 12 to 17 years, while two had twenty-five years or more, respectively. Sixty-four held current accounts, twenty-two held savings accounts, eleven held loan accounts, two held call accounts while one held fixed deposit account, respectively. Seventy-one had been with the bank for less than 5 years, nineteen had been with the bank for between 5 to 10 years, seven for 11 to 15 years, while three had 16 years or more (see Appendix E).

3.5.1.2 Rationale for the sample

- To ensure representativity of the bank's tellers, in the absence of information on the demographic distribution of the population of tellers. The sample represented 82% of the total number of tellers in the bank.
- To ensure representativity across the 20 branches of the bank.
- Cost considerations for the bank, and time spent on completing the questionnaire implied time and consequently service foregone from the teller, and for the researcher

3.5.1.3 Sampling procedure

A proportionate probability sampling technique was used to select the tellers. In accordance with the size of the branches of the bank, a specific number of tellers were selected from each of its 20. Branch managers were asked to randomly select the required number of tellers for their branch, on behalf of the researcher. Bigger branches, therefore, had larger numbers of tellers than smaller branches in the sample.

3.5.1.4 Rationale for using random sampling

- To ensure representativity of all tellers and the branches, in the absence of information on the demographic distribution.
- To provide every teller in each with equal opportunity of being selected and represented in the final sample

3.5.2 Customers

3.5.2.1 Sample

A sample of 300 of the bank's customers was used. This sample represented 0,25% of the bank's population of customers. Of the 300 customers, 52 were stayers. Twenty-six of them were males, and twenty-six were females. Forty-six (88%) of the stayers were from urban areas, while six (12%) were from rural areas. The age range for both males and females was 25 to 34 years. Twenty-four (46%) had college education, twenty-one (40%) had high school education, three (6%) had primary education, another three (6%) had university education, while one (2%) had no formal education. Twenty one (40%) had work experience of between 6 to 11 years, nineteen (37%) had 0 to 5 years, ten (19%) had 12 to 17 years, while two (4%) had 25 years or more. Forty-six (88%) held savings accounts, five (10%) held current accounts, and one (2%) held fixed deposit accounts. Twenty eight (54%) of the stayers had been with the bank for less than 5 years, twenty three (44%) had been with the bank for 5 to 10 years, while one (2%) for 11 to 15 years (see Appendix F).

The number of satisfied switchers in the sample of customers was 118. Seventy (62%) of them were males and 45 (38%) females. One hundred and eleven (94%) of the satisfied switchers were from urban areas, while seven (6%) were from rural areas. The age range for the males was 35 to 44 and 25 to 34 for the females. Sixty-three (53%) had college education, thirty-three (28%) had high school education, eighteen (16%) had university education, while four (3%) had primary education. Sixty eight (58%) had work experience of between 0 to 5 years, thirty (25%) had work experience of between 6 to 11 years, twelve (10%) had between 12 to 17 years, while eight (7%) had 25 years or more.

Seventy-four (63%) of the satisfied switchers held savings accounts, forty-one (35%) held current accounts, while three (2%) held fixed deposit accounts. Ninety nine (84%) of the satisfied switchers had been with the bank for less than 5 years, nineteen (9%) had been with the bank for between 5 to 10 years, seven (6%) for 11 to 15 years, while one (1%) for 16 years or more (see Appendix G).

There were 130 dissatisfied switchers in the sample of customers. Eighty (62%) of them were males and fifty (38%) were females. One hundred and twenty one (93%) of them were from urban areas, while nine (7%) were from rural areas. The age range for the males was 35 to 44 years and 25 to 34 for the females. Seventy-six (58%) of the dissatisfied switchers had college education, twenty-six (20%) had high school education, another twenty-six had university education, while two (2%) had primary education. Sixty seven (52%) had work experience of between 0 to 5 years, forty (31%) had work experience of between 6 to 11 years, seventeen (13%) had work experience of between 12 to 17 years, while six (4%) had between 18 to 24 years. Seventy-six (58%) held savings accounts with the bank, fifty-two (40%) held current accounts, while two (2%) held fixed deposit accounts. One hundred and six (82%) of the dissatisfied switchers had been with the bank for less than five years, seventeen (13%) had been with the bank for between 5 to 10 years, six (4%) for 11 to 15 years, while one (1%) for 16 years or more (see Appendix H).

3.5.2.2 Rationale for the sample

- Selecting a numerically representative sample, of say 10%, from the large number of customers would have resulted in a disproportionately large sample in comparison with the numerically small sample of bank tellers.
- Cost considerations for the bank's customers and the researcher. The time spent by bank customers meant encroaching on their personal and business time(s).

3.5.2.3 Sampling procedure

Several alternatives were at the disposal of the researcher for the sampling of customers and subsequent categorisation into the three sub-samples of stayers, satisfied switchers and dissatisfied switchers. The following two alternatives represent the most pragmatic of the alternatives available to the researcher:

- **Alternative 1**

The first alternative encompassed randomly distributing, among all the branches, as many questionnaires as possible to the customers. The questionnaires from all the branches would then be grouped together. Stratified sampling of customers into the three groups would then be done, followed by random sampling from each group to have the required number of customers for each group.

The problem with this method was that there was a possibility of finally having samples of customers for each group that did not depict proper or equal representation of the total number customers for each branch. In other words, there was a possibility of having one group over-represented by customers from one or more branches.

- **Alternative 2**

The second alternative involved doing an initial pre - survey at each branch to determine the probability of obtaining enough representation of each group of customers in the sample. This required the distribution of as many pre-survey questionnaires as possible. A staff member from each branch was asked (through the branch manager) to conveniently distribute the pre -survey questionnaires.

The results of this pre-determination survey showed that it was possible to obtain enough representation of each group of customers from each branch. Depending on the size of the branch, the total number of customers needed per each branch was pre – determined. Bigger branches had bigger number of customers than smaller branches. A probability sampling technique (systematic sampling) was used to select the final

samples for each group of customers from each branch. Respondents were assigned numbers and odd numbers were used to select the sample for each group.

The second alternative was time consuming and costly. Furthermore, the possibility of customers participating in both the pre- survey and the final survey existed. However, despite these limitations, the second alternative was considered more appropriate than the first one, because the researcher was assured of proper or equal representation of customers from each branch in the final selection of each group of customers and, therefore, was eventually implemented.

3.6 The instruments

The researcher used questionnaires to collect data from both the customers and the tellers. Interviews were not considered because of time and cost for the respondents as well as for the investigator. Similarly, a postal survey was not considered because of time considerations and the anticipation that there could be subsequent possible lack of response, which could have made generalisation of results invalid.

3.6.1 Rationale for using questionnaires

- They allowed the collection of a large amount of data.
- Since the study involved a comparison of perceptions between two groups, each respondents from each group were given the same set of questions as everyone else, phrased in exactly the same way.
- It was also economical in terms of time and money.
- The use of the questionnaires enabled the respondents to remain anonymous and be honest in their responses.
- The use of questionnaire was based on the results of the pre – survey study, which revealed that respondents (especially customers) seemed literate and were able to complete the questionnaire without any assistance. This reason is supported by Entwistle and Nesbert (1972), who argue that questionnaire surveys are appropriate where respondents understand the subtleties of the written word.

3.6.2 The pre-survey questionnaire

A pre-survey questionnaire was primarily used to determine the probability of obtaining sufficient representation of the three groups of customers from each of the 20 branches of the bank.

The questionnaire did not contain all the items included in the survey questionnaire. It was secondarily used to determine whether respondents (especially customers) were literate enough to respond to. It was secondarily used to determine whether respondents (especially customers) were literate enough to respond to the items without any assistance.

3.6.2.1 Description of the questionnaire

The questionnaire was kept as short as possible to encourage participation, to restrict costs and to facilitate analysis and interpretation. The questionnaire has two sections (see Appendix A).

The first part of the questionnaire contains 7 items on demographic information, such as age, gender, location, education level, work experience and other information type of accounts held and duration of stay with the bank. The response categories for these items were measured on a scale that ranged between 1 and 6, depending on the type and number of responses for each item.

The second part of the questionnaire contains items 8, 9 and 10 that were designed and used by Garnesh *et al.* (2000). These items questions were used to categorise customers into the three groups used in the present investigation. The first question asked respondents whether the bank was their major banker; the second question asked whether their current bank was their first ever bank; and the last question (which was a continuation from the second question) asked respondents to give a reason for switching from their previous bank to the current bank, if they had indicated that the current bank was not their first ever bank. The options for switching included: (1) overall dissatisfaction

with the services of the previous bank or (2) reasons other than dissatisfaction (e.g. job relocation, moving out of the bank's service area, the previous bank closed down or was bought by a different bank). The response categories for items 8 and 9 were (1) "yes" and (2) "no", whereas the response categories for item 10 were (a) overall dissatisfaction with the services of the previous bank, (b) job relocation, (c) moved out of the bank's service area, (d) my previous bank closed down, (e) my previous bank was bought by a different bank and (f) other.

3.6.2.2 Administration of the questionnaire

The pre – survey questionnaires were distributed randomly to customers at branches of the bank by a member of the bank's branch (chosen by the branch manager) at each of the 20 branches. The distribution was done at a time when customers were queuing for service, particularly when the queues were deep enough to allow customers enough time to complete the questionnaires before getting to a teller. Customers were asked to drop the completed questionnaires in a box situated at the entrance of the bank as they left the branch of the bank. This method was pragmatic and appropriate, as it achieved a high response rate, unlike if customers were asked to take the questionnaires home and return them later.

3.6.2.3 Scoring of the questionnaire

Customers who responded "yes" on items 8 and 9, that is, those for whom the bank was their major supplier and first ever bank to open an account with, were categorised as stayers (i.e., those who had never switched services). Customers who responded "no" to item 9, (indicating that the bank was not their first ever bank to open an account with), and who responded to item 10 by indicating that they were dissatisfied with the services of their previous bank, were categorised as dissatisfied switchers. Those customers who responded "no" to item 9, and responded to item 10 by giving any other reason other than dissatisfaction with the services of their previous services, were categorised as satisfied switchers.

3.6.2.4 Validity and reliability of the questionnaire

The pre-survey questionnaire has a Cronbach alpha coefficient of $\alpha = 0.83$ which is satisfactory.

3.6.2.5 Results of the pre - survey

- Responses from the pre-survey indicated that there were sufficient customers for each of the customer group in each branch. Such indications were used as justification for getting sufficient distribution of the three groups of customers from each branch in the final survey.
- Respondents (customers) could complete the research instrument without any assistance.

3.6.3 The survey questionnaire

3.6.3.1 Description of the questionnaire

The questionnaire contains four sections (see Appendix B)

The first part of the questionnaire contains 6 items on the demographic information of both the tellers and customers. It includes items on age, location, educational level, work experience, type of accounts held, and duration of stay with the bank. It was important to use such items, as the other objective of the study was to assess the influence of demographic variables on perceptions of service quality and loyalty towards the bank. The response categories for the items were the same as the pre-survey questionnaire.

The second part of the questionnaire (which did not apply to bank tellers) contains three items (numbers 8, 9 and 10) that enabled the classification of customers into the three groups (i.e. stayers, dissatisfied switchers and satisfied switchers) for the investigation. The response categories for the items were the same as for the pre-survey questionnaire.

The third part of the questionnaire contains 21 items (numbers 11 to 31 measuring service satisfaction. The items are based on a four point Likert scale with anchors of “strongly

agree” (4), “agree” (3), “disagree”(2), “strongly disagree” (1): and, “excellent” (4), “good” (3), “not very good” (2), “poor” (1). A four-point Likert scale was chosen over the five-point scale because:

- It eliminates the development of response bias among the respondents.
- Likert scales are advantageous in that they can assess attitudes, beliefs, opinions, and perceptions about given phenomena.
- Using a Likert scale makes the response items standard and comparable among the respondents.
- Fixed responses from Likert scales are easy to analyse and can be coded directly from the questionnaire.

The last part of the questionnaire contains seven items (numbers 32 to 38) developed by Dick and Basu (1994). The items measure customers’ loyalty towards the services of an organisation. The items particularly measure repeat patronage, self-stated retention, price sensitivity, resistance to counterpersuasion and the likelihood of spreading positive word of mouth. The items were measured on a four-point Likert scale that ranged from “strongly disagree” to “strongly agree.”

A SERVQUAL (service quality) questionnaire developed by Parasuraman *et al.*, (1988) was adopted and used to collect data on service satisfaction from both tellers and customers (see Appendix B). The SERVQUAL questionnaire contains 21 items for measuring customer perceptions of service quality and satisfaction. Underlying the 21 items are five dimensions that are used by customers when evaluating service quality and satisfaction. These dimensions are:

- Tangibles: Physical facilities, equipment, and appearance of personnel.
- Reliability: Ability to perform the promised service dependably and accurately.
- Responsiveness: Willingness to help customers and provide prompt service.
- Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence
- Empathy: Caring, individualised attention the organisation provides its customers.

3.6.3.2 Rationale for using the questionnaire

- The use of the SERVQUAL questionnaire was consistent with Kamfer, Venter & Boshoff (1988) who argued and pointed out that research instruments whose validity and reliability have been ascertained during previous researches are appropriate for similar studies.
- Researchers generally agree that the use of previously established instruments is an acceptable vehicle of further establishing the reliability and validity of the instruments (Brown & Gaulden, 1984).
- The SERVQUAL questionnaire assesses customer perceptions of service quality, regardless of the type of service.
- A comparison of the results of the current investigation with those of previous investigations, which used the same questionnaire, is possible.

3.6.3.3 Administration of the questionnaire

Branch managers randomly distributed the questionnaires, at the request of the researcher, among the tellers. Tellers were particularly asked to complete the questionnaires during their tea and/ or lunch breaks, so as not to disrupt the normal flow of business in the bank. A staff member (chosen by each of the branch the managers) randomly distributed the questionnaires among the customers. Care was taken to distribute the questionnaires whilst the queues for customers were deep enough to allow the customers sufficient time to complete the questionnaires before they were served.

3.6.3.3.1 Rationale for the administration

- The administration method was based on the assumption that in many banks customers spent time in the queue doing nothing profitable.
- It was assumed that customers would be more attentive to the task of completing the questionnaire and will provide more meaningful responses when they are contextualised in the environment they are evaluating.

- Being in the relevant environment, customers were more likely to focus on dimensions of importance to them for evaluating the quality of service and their loyalty towards the bank (Dabholkar, 1996).
- Lastly, the administration method avoided problems associated with many similar techniques that require respondents to recall their banking experiences. Often these techniques generate questionable results, as it is difficult to control for memory loss or lack of experience. The possibility of the “halo effect” existed but was ruled out as the questionnaire stressed the expression of opinions freely.

3.6.3.4 Validity and reliability of the questionnaire

3.6.3.4.1 Reliability of the SERVQUAL questionnaire

Reliability is concerned with consistency of measures, that is, the precision of measurement scores, or how accurately such scores will be reproduced with repeated measurement (Bless & Higson-Smith, 2000). It has to do with the extent to which measures are free from random error, and yield constant results. The adoption of the SERVQUAL questionnaire in the current investigation was based on the fact that its reliability is already established. In a study to test the reliability of the instrument under different service settings (e.g., airlines, banks, insurance companies, retail pharmacies, graduate business schools) Nel, Pitt and Berthon (1997) showed that the Cronbach alpha for the questionnaire as a whole, that is the Service Quality Index (SQI), achieved the commercially accepted cut off point of $\alpha = 0.7$. Nel *et al.* (1997:120) concluded that: “In future, it is possible to develop ways of measuring service quality satisfaction even in other languages, while maintaining the reliability of the questionnaire; it was likely that the SERVQUAL questionnaire would be used increasingly to measure service quality satisfaction in organisations both in South Africa and the rest of the world.” Such conclusions and the fact that recent studies (e.g., Govender, 1999, 2000) have adopted and used the instrument in similar settings as the current one, made it possible to regard the instrument as a reliable marketing measure and suitable for adoption.

3.6.3.4.2 Content validity of the SERVQUAL questionnaire

Content validity provides an indication of the representativeness of the content of the measurement scale. It focuses on whether the scale items adequately cover the entire domain of the construct(s) under study.

The content validity of the SERVQUAL questionnaire, and consequently the third part of the questionnaire (items 11 to 31) used in this investigation, has been documented in the study done by Nel *et al.* (1997) under different service settings. The results of the study showed that scores from the instrument become more positive as the overall impressions change from poor to excellent, thereby rendering it valid.

3.6.3.5 Reliability of the section of the questionnaire measuring loyalty

In their study to investigate differences in the customer base of different service providers Garnesh *et al.*, (2000) did a factor analysis of the seven items, numbers 32 to 38 of the questionnaire used in this investigation, measuring loyalty of customers towards a bank. Results showed that items had co-efficient alphas of $\alpha = 0.77$ and $\alpha = 0.72$ for the two factors that emerged, that is, passive and active loyalty behaviours.

3.7 Data Analysis

Since the research design was both descriptive and analytical, quantitative approaches were used to test the hypotheses of the study. To empirically test the hypothesised relationships the computer programme SPSS (Nie, Hull, Jenkins, Steinbrenner & Bent, 1975) was used. This programme was chosen because it provides different sets of parametric and non-parametric statistical tests that are used to analyse data quantitatively. The hypothesized relationships were analysed using the following statistical tests:

3.7.1 T test for independent samples (pooled variances)

The t-test for independent samples (with pooled variances) was used to test hypotheses that sought to establish the existence of relationships in perceptions of service satisfaction and loyalty between customers and tellers. The t- test for pooled variances was chosen because:

- It is regarded as a robust test.
- It is relatively insensitive to violations of normality and homogeneity of variance. Thus, with samples sizes equal to or greater than 30, as is the case in the present investigation, this test may be used without appreciable error despite moderate violations of the normality and or the homogeneity of variance assumptions.

3.7.2 One-way analysis of variance (One-way ANOVA)

One-way analysis of variance was used to make singular overall comparisons of the levels of service satisfaction and loyalty between customers and tellers. It was preferred because:

- It avoids the problem of increased Type 1 error that occurs when assessing many t values.
- It suited the current study since it is used in both independent groups and repeated designs.
- Like the t-test, the one-way analysis of variance is also minimally affected by violations of population normality.

3.7.3 Multivariate test of significance (MANOVA)

This test was used to determine whether there were any differences in the demographic influences on perceptions of service satisfaction and loyalty between customers and tellers.

The test was chosen because:

- It permitted the observation of how a specified number of independent variables co - vary with another specified number of dependent variables. Thus, it was possible to analyse the differences between customers and tellers on the influence of demographic variables after taking into account their differences in satisfaction and loyalty perceptions (covariates).

- It permitted the observation of how a specified number of independent variables co-vary with another specified number of dependent variables. Thus, it was possible to analyse the differences between customers and tellers on the influence of demographic variables after taking into account their differences in satisfaction and loyalty perceptions (covariates).
- It is best suited in situations where respondents are not matched as in the current study.
- It represented an efficient means of using research time and effort, since in many analysis of variance designs every observation provides information about each variable, the influence or interaction of variables, and error.

3.8 Conclusion

The current investigation used a non-experimental research design. Questionnaires were used to collect data from both customers and tellers. Surveys were considered appropriate since the investigation involved determining perceptions, attitudes, beliefs and opinions of the respondents. Respondents of the study were selected using probability-sampling technique, which ensured representation of each group, thereby rendering the results valid. The use of an established instrument with known reliability and validity provided a true measure of the constructs under investigation. Quantitative data analysis techniques used were regarded as a way of quantifying data since most of the hypotheses required the establishment of differences between customers and tellers.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results and discussion of the investigation. The chapter presents the results of the test of hypothesis 1, hypothesis 2, hypothesis 3, hypothesis 4, hypothesis 5 and hypothesis 6, respectively.

4.2 Hypothesis 1: Satisfaction with the service provision as perceived by tellers will not significantly differ with service satisfaction as perceived by stayers and satisfied switchers

4.2.1 Comparison of perceptions of service satisfaction between tellers and stayers

In order to examine whether there was a significant difference in perceptions of service satisfaction between tellers and stayers, a t-test for pooled variances (independent samples) was done. Table 1 shows the results of the comparison.

Table 1 reveals that the two groups differed significantly on four items measuring reliability of the bank (item 16, ($t = 3.66$; $p < 0.05$); 17, ($t = 5.36$; $p < 0.05$); 19, ($t = 3.35$; $p < 0.05$) and 20, ($t = 5.97$; $p < 0.05$). Significant differences were also noted on three items measuring the responsiveness of the bank to customers (item 21, ($t = 5.91$; $p < 0.05$); 22, ($t = 7.58$; $p < 0.05$) and 24, $t = 3.90$). There were also significant differences on two items measuring tangibles, that is, the physical facilities the bank uses to provide services to customers (item 13, ($t = 4.75$; $p < 0.05$) and 14, ($t = 3.30$; $p < 0.05$). Perceptions on items measuring assurance (item 27, ($t = 6.37$; $p < 0.05$) and empathy (item 34, ($t = 3.49$; $p < 0.05$) were also significantly different between the two groups. Overall, tellers (mean = 33.20) showed that they are significantly more satisfied than stayers (30.28).

The above findings reject the hypothesis which stated that there would be no significant differences in perceptions of service satisfaction between tellers and stayers. The results imply that as tellers perceive service satisfaction as good, for example, stayers

Table 1: Comparison of perceptions of service satisfaction between tellers and stayers

Item	Group mean		Mean difference	df	t - value
	Tellers (n=100)	Stayers (n=52)			
13	3.02	2.88	0.135	150	4.751*
14	3.03	2.81	0.222	150	3.302*
15	2.70	2.63	0.065	150	0.001
16	3.17	2.82	0.343	150	3.661*
17	2.80	2.63	0.165	150	5.364*
18	3.26	2.71	0.549	150	1.702
19	2.92	2.65	0.266	150	3.353*
20	2.99	2.79	0.201	150	5.974*
21	2.80	2.65	0.146	150	5.913*
22	3.06	2.75	0.310	150	7.578*
23	3.27	2.79	0.486	150	1.431
24	3.40	2.90	0.500	150	3.900*
25	3.34	2.77	0.571	150	0.447
26	3.35	2.87	0.495	150	0.026
27	3.0	2.63	0.365	150	6.374*
28	3.18	2.77	0.421	150	0.059
29	3.01	2.79	0.222	150	0.044
30	3.01	2.77	0.240	150	3.492*
Totals	33.20	30.28			

*Significant at p=0.05 level

would perceive it as bad. These results support previous research. For example, Govender (1999) ascertained that there was a significant difference in perceptions of satisfaction between customers regarded as totally satisfied (stayers) and contact employees.

However, the results are consistent with Schneider and Bowen (1995) who found that the organisational climate as perceived by contact employees was not associated with customer's perceptions of organisational service quality. The differences between the two groups could be explained in terms of organisational dynamics such as cascading the strategy for customer care throughout all the levels of the organisation. Indeed, Zepiel (1990) pointed out that organisational dynamics such as empowering employees and orienting them to customer - oriented strategies engenders a positive attitude on the service deliverer.

Customers regarded as stayers are known to have a lot of experience and are loyal to their current service provider. It might therefore be argued that, stayers' perceptions of the service provision at the time of the study were a true reflection of the bank's status quo in terms of service delivery. However, as people who have had services from the bank for quite a long time, the possibility of social desirability bias in their perceptions cannot be ruled out. On the other hand, tellers' perceptions could have had some biases also. They might have responded in a socially desirable manner in order to impress the managers who distributed the questionnaires. Despite such knowledge about stayers, the differences between the two groups have a lot to learn from on the part of service organisations. Stayers are customers who should be retained because of their long-standing relationship with the organisation. Any negative perceptions from them about service provision should be taken seriously. The negative perceptions indicate the need for service organisations to push past solving these customers' problems and search for their underlying needs. On the other hand, service organisations should consider it worth investing resources in this group of customers because of their long-standing relationship with the organisation. They are that group service organisations should embrace true relationship marketing with. By so doing service organisations will create true customer intimacy among this group of customers. This is true, especially if organisations require a deep understanding of the context in which they deliver their products and services to customers.

4.2.2 Comparison of perceptions of service satisfaction between tellers and satisfied switchers

To test whether there was no significant difference of perceptions between tellers and satisfied switchers, a t- test was also carried out and the results are provided in Table 2.

Table 2: Comparison of perceptions of service satisfaction between tellers and satisfied switchers

Item	Group mean		Mean difference	df	t - value
	Tellers (n=100)	Satisfied switchers (n=118)			
11	3.06	2.88	0.179	216	3.00*
12	3.24	3.14	0.096	216	0.855
13	3.02	2.97	0.045	216	2.13*
14	3.03	2.94	0.089	216	0.993
15	2.70	2.80	-0.097	216	5.63*
16	3.17	2.97	0.204	216	2.98*
17	2.80	2.80	-0.005	216	2.65*
18	3.25	2.84	0.401	216	1.32
19	2.92	2.77	0.149	216	3.86*
20	2.99	2.87	0.117	216	0.426
21	2.80	2.81	-0.136	216	0.070
22	3.06	2.73	0.331	216	8.54*
23	3.26	2.98	0.287	216	20.75*
24	3.40	3.00	0.392	216	21.10*
25	3.34	2.90	0.441	216	5.824*
26	3.35	3.25	0.114	216	0.741
27	3.0	2.92	0.763	216	0.016
28	3.18	2.75	0.444	216	0.017
29	3.01	2.66	0.349	216	6.53*
30	3.01	2.74	0.273	216	21.59*
Totals	36.75	34.20			

*Significant at p=0.05 level

Tellers and satisfied switchers had significant differences on at least an item from the five dimensions used to measure satisfaction (Table 2). There were differences on four items measuring reliability (item 15, ($t = 5.63$; $p < 0.05$); 16, ($t = 2.98$; $p < 0.05$); 17, ($t = 2.65$; $p < 0.05$) and 19, ($t = 3.86$; $p < 0.05$), three items measuring responsiveness of the bank (item 22, ($t = 8.56$; $p < 0.05$); 23, ($t = 20.75$; $p < 0.05$) and 24, ($t = 21.10$; $p < 0.05$), two items measuring empathy (item 29, ($t = 6.53$; $p < 0.05$) and 30, ($t = 21.29$; $p < 0.05$), two items measuring tangibles (11, ($t = 3.00$; $p < 0.05$) and 13, ($t = 2.13$; $p < 0.05$), and one item measuring assurance, that is knowledge and courtesy of employees and their ability to inspire trust and confidence in customers (item 25, ($t = 5.82$; $p < 0.05$).

These findings reject the assumption that the two groups (tellers and satisfied switchers) will have no significant differences in perceptions of service satisfaction. The results could be understood in terms of the switching pattern of satisfied switchers. They are that group of customers who are using the current service provider (the bank) for other reasons other than dissatisfaction with their previous services providers. Thus, differences noted between satisfied switchers and tellers could be attributed to their dissatisfaction with the current services of the bank and not their previous service providers. However, this assumption contradicts Garnesh *et al.* (2000) who pointed out that customers labeled as satisfied switchers show different levels of satisfaction with current service provider due to previous experiences or dissatisfaction with the previous provider.

The fact that satisfied switchers were not satisfied with the banks tangibles than the tellers is supported by Meuter *et al.* (2000). The authors argued that the physical facilities, which help in the delivery of service, are determinants of customers' satisfaction levels. Satisfied customers in the current study might have been experiencing problems with the bank's tangibles (e. g., automated teller machines). Thus, as Meuter *et al.* (2000) further argued that customers become dissatisfied with the services of an organisation in the face of self – service systems failing to handle customers' immediate problems. In such cases, customers are forced to take the choice of switching providers. Service organisations should therefore understand the needs of different customers,

design and position their physical facilities relative to these needs. This does not only create value for the current customers, but serve as a way of attracting new ones as well. More importantly, the above findings indicate the need for service organisations to take an invested interest in satisfied switchers. This can be achieved through orienting them to the organisation as early as possible in the course of building strong relationship marketing. By so doing it is assumed that satisfied switchers will see the organisation as creating value for them, and, regarding them as customers also contributing to the success of the organisation.

On the other hand, the fact that satisfied switchers are continuing with the services of the bank, or have switched from other service providers because of other reasons other than dissatisfaction should be taken as strength by service organisations. Efforts should be taken to retain them. This can be achieved through the creation of an organisational climate that impacts on new comers' perceptions of service provision. Schneider and Bowen (1995) support this view by suggesting the institution of "organisational socialisation" for both customers and employees. Organisational socialisation entails closing the "service gap" between the organisation, its employees and customers (Ziethaml *et al.*, 1990). Service gaps highlight several factors affecting service quality perceptions. For example, lack of constant feedback from customers about the quality of service implies lack of communication between the organisation and its customers. Such lack of communication leads to lack of organisational socialisation of customers and employees. Lack of organisational socialisation for both customers and employees has been found to influence perceptions of service satisfaction in a negative way (Rowland & Ferris, 1982). Despite all these assertions, the differences noted between the tellers and satisfied switchers could be explained by other several factors such as customers' banking experiences, organisational recruitment requirements, and the on-going training of the tellers.

4.3 Hypothesis 2: Satisfaction with the service provision as perceived by tellers will not significantly differ with perceptions of satisfaction as perceived by dissatisfied switchers

4.3.1 Comparison of perceptions of service satisfaction between tellers and dissatisfied switchers

To uncover the precise nature of the negative association of the perceptions of satisfaction between tellers and dissatisfied switchers, a t- test for pooled variances was done. Table 3 shows the results of the analysis.

There were significant differences in perceptions of service satisfaction between tellers and dissatisfied switchers (Table 3). Five items (item 15, ($t = 32.94$; $p < 0.05$); 16, ($t = 3.23$; $p < 0.05$); 17, ($t = 6.91$; $p < 0.05$); 18, ($t = 26.34$; $p < 0.05$) and 20, ($t = 3.40$; $p < 0.05$) had significant differences on perceptions of how reliable the bank is, while another five (item 21, ($t = 9.17$; $p < 0.05$); 22, ($t = 2.39$; $p < 0.05$); 23, ($t = 23.78$; $p < 0.05$); 24, ($t = 15.36$; $p < 0.05$) and 25, ($t = 21.35$; $p < 0.05$) showed significant differences on perceptions of the bank's responsiveness (willingness to help customers and provide prompt service). Three items (item 11, ($t = 14.00$; $p < 0.05$); 14, ($t = 4.41$; $p < 0.05$) and 12, ($t = 18.23$; $p < 0.05$) measuring perceptions of tangibles also showed significant differences between the two groups. The last two items (item 26, ($t = 18.61$; $p < 0.05$) and 29, ($t = 4.57$; $p < 0.05$) showed significant differences on perceptions of empathy and assurance, respectively.

The above findings reject the hypothesis that there will be no significant differences in perceptions of service satisfaction between tellers and dissatisfied switchers. The results imply that as tellers perceived service provision as excellent, dissatisfied switchers perceived the service as poor. The results contradict previous findings. For example, Garnesh *et al.* (2000) indicated that dissatisfied switchers are the most satisfied with their current service provider.

The results are however, not surprising. Given the nature of dissatisfied switchers as a group of customers who can switch service providers at any time; and that they are

Table 3: Comparison of perception of service satisfaction between tellers and dissatisfied switchers

Item	Group mean		Mean difference	df	t-value
	Tellers (n=100)	Dissatisfied switchers (n=130)			
11	3.06	3.01	0.052	228	14.00*
12	3.24	2.99	0.248	228	18.23*
13	3.02	3.07	-0.049	228	0.515
14	3.03	3.03	-0.000	228	4.41*
15	2.70	2.88	-0.185	228	32.94*
16	3.17	2.91	0.262	228	3.23*
17	2.80	2.86	-0.062	228	6.91*
18	3.25	3.03	0.230	228	26.24*
19	2.92	2.90	0.336	28	1.44
20	2.99	2.96	0.029	228	3.40*
21	2.80	2.90	-0.100	228	9.17*
22	3.06	2.82	0.237	228	2.39*
23	3.26	3.07	0.201	228	23.78*
24	3.40	3.08	0.315	228	15.36*
25	3.34	3.07	0.271	228	21.35*
26	3.35	3.13	0.230	228	18.61*
27	3.0	2.92	0.085	228	0.005
28	3.18	2.85	0.336	228	1.44
29	3.01	2.74	0.272	228	4.57*
30	3.01	2.91	0.102	228	0.137
Totals	46.46	44.42			

* Significant at p=0. 05 level

sensitive to any slight poor treatment in the service relationship, the results reflected the true nature of this group of employees. They are not affected by overall evaluation of the services provided, but rely on episodes of intermittent poor service and evaluate satisfaction on that basis. This notion supports the transaction-specific theory (Oliver, 1993), which suggests that customers judge satisfaction on the basis of specific purchase or transaction. Similarly, the interactive theory on service quality perceptions (Lovelock, 1984) supports the results. The theory posits that sometimes customers use specific interactive qualities to evaluate the quality of service.

The fact that tellers perceived satisfaction to be good compared to dissatisfied switchers shows that the organisation's management of customer contact employees is in line with the adoption of customer - oriented strategies, and the provision of a climate for service. Indeed, Gerber *et al.* (1998) support this view when they pointed out that, an organisational climate which shapes attitudes about the processes and outcomes of service delivery engenders the formation of overall impression of the organisation by the employees.

The significant differences in perceptions between tellers and dissatisfied switchers in this investigation therefore implies that service organisations should not invest much of their resources in this group of customers as they always seek change and chase low charges because they are not risk averse. Jones and Sasser (1995) supported this view by pointing out that service organisations should know that it takes a lot of effort and money to please dissatisfied switchers since they do not remain in a relationship long enough to turn a profit.

4.4 Hypothesis 3: Loyalty towards the bank as perceived by tellers will not significantly differ with loyalty towards the bank as perceived by stayers and satisfied switchers

4.4.1 Comparison of perceptions of loyalty towards the bank among the four groups
A one-way analysis of variance (ANOVA) was done to determine whether there were

any overall differences in perceptions of loyalty towards the bank among the four groups (i.e., tellers, stayers, satisfied switchers and dissatisfied switchers). The results of the comparison are shown in Table 4.

Table 4: Comparison of perceptions of loyalty towards the bank among the four groups

Item	Group mean				df	F- value
	Tellers (n=100)	Stayers (n=52)	Dis. switchers (n=130)	Satis. switchers (n=118)		
32	3.42	2.85	2.85	2.70	399	25.60*
33	3.56	2.71	2.99	2.82	399	41.84*
34	3.48	2.71	3.05	2.89	399	24.60*
35	3.15	2.79	2.80	2.69	399	8.71
36	2.42	2.37	2.93	2.86	399	14.73*
37	2.93	2.75	2.63	2.64	399	3.89
38	3.43	2.71	2.98	2.97	399	19.79*
Total	22.39	18.89	20.23	19.57		

* Significant at p=0.05 level

Table 4 shows the total mean scores for each group. Tellers (mean = 22.39) are more loyal towards the bank than all three groups of customers. However, dissatisfied switchers (mean = 20.23) are more loyal than stayers (18.89) and satisfied switchers (19.57). Previous studies support these findings. For instance, Garnesh *et al.*, (2000) ascertained that dissatisfied switchers are more likely to be loyal with their current service provider because they are moving from dissatisfying service providers. The results on the other hand contradict the findings that stayers display a lot of satisfaction (which subsequently culminates in loyalty behaviours) towards their current service provider than dissatisfied switchers or satisfied switchers (Garnesh *et al.*, 2000).

The loyalty displayed by tellers over all the other groups could be understood in the context of active and passive loyalty notions (Garnseh *et al*, 2000). Customers usually show loyalty toward the organisation through positive words of mouth about the organisation (active loyalty), or through self – stated retention behaviours and expansion of service usage (passive loyalty). It could therefore be argued that, tellers in the current investigation showed their active loyalty orientation towards the organization (bank). Indeed, most of the items (e.g., item 32, (F = 25.60; p<0.05); 33, (F = 41.84; p<0.05); 34, F = 24.60; p<0.05); 36, (F = 14.73; p<0.05) and 38, (F = 19.29; p<0.05) in which they differed significantly with the three groups of customers had something to do with the marketing of the bank through the word of mouth, future or continued use of the bank, and resistance to be lured by other service providers offering the same competitive services. Such assumed deliberate conscious choice by employees of an organisation are important to notice. They are an indicator that the organisation should continue providing job context environments that ensure the employees' loyalty behaviours are maintained. The achievement of a conducive job context environment for employees could be obtained through management committing itself to creating value for customers through the same employees. Indeed, Brown and Peterson (1993) support this by pointing out that an organisation's job context environment has a dominant positive or negative effect on employee turn over (which is closely related to loyalty).

Service organisations could also benefit from the differences noted between the tellers and dissatisfied switchers. If they commence or continue disseminating customer – oriented strategies in their organisations (especially among employees), this will culminate in increased identification with the bank, hence, continued increase in loyalty.

Table 5 shows that there were significant differences in perceptions of loyalty towards the bank between tellers and stayers in only three items (item 33, (t = 5.88; p<0.05); 34, (t = 6.44; p<0.05) and 36, (t = 9.99; p<0.05). The items relate from being actively loyal, to the continued use of the bank in the future. These items in which the two groups differed constitute 42% of the total number of items measuring loyalty. Tellers (mean = 9.46) were more loyal than stayers (7.78). The results imply that there was no significant

difference between the tellers' perceptions of loyalty towards the bank and those of stayers. However, the results support the finding that stayers exhibit lower levels of active loyalty behaviours towards their current service provider (Garnesh *et al.*, 2000). Because of such noted differences, the results only provide partial support for the hypothesis under investigation.

4.4.2 Comparison of perceptions of loyalty towards the bank between tellers and stayers

To test whether there was no significant difference in perceptions of loyalty between tellers and stayers, a t-test for pooled variances revealed the results presented in Table 5.

Table 5: Comparison of perceptions of loyalty towards the bank between tellers and stayers

Item	Group mean		Mean difference	df	t-value
	Tellers (n=100)	Stayers (n=52)			
32	3.42	2.85	0.574	150	.001
33	3.56	2.71	0.849	150	5.88*
34	3.48	2.71	0.769	150	6.44*
35	3.15	2.79	0.362	150	0.116
36	2.42	2.37	0.055	150	9.99*
37	2.93	2.75	0.180	150	0.006
38	3.43	2.71	0.719	150	0.642
Totals	9.46	7.78			

* Significant at p=0.05 level

The results on the other hand contradict popular belief among market researchers that stayers are always loyal people who are less likely to take risks in terms of switching service providers (Raju, 1980). With this notion, it would have therefore been expected that stayers exhibit more loyalty tendencies towards the bank than tellers. However, other researchers argue that customers can be partially loyal or totally loyal (Jones & Sasser,

1995). Partially loyal customers are only loyal as a result of situational factors, which do not reflect the relative attitude of the customer. Customers regarded as stayers in the present study could rightly be regarded as partially loyal. This argument is supported by previous findings. For instance, Westbrook (1987) found that highly loyal customers were once dissatisfied customers, and if not treated properly can easily revert back to being partially loyal. On the other hand, the total loyalty shown by tellers is a reflection of their total commitment to the organisation, which in many cases is triggered by a number of factors including management's commitment to employee satisfaction on the job (Singh, 2000). It is therefore important for service organisations to build employee loyalty, which in turn has a direct link with customer loyalty.

4.4.3 Comparison of perceptions of loyalty towards the bank between tellers and satisfied switchers

Table 6 shows results of a t-test done to test whether there was no significant difference of perceptions of loyalty towards the bank between tellers and satisfied switchers.

Table 6: Comparison of perceptions of loyalty towards the bank between tellers and satisfied switchers

Item	Group mean		Mean difference	df	t- value
	Tellers (n=100)	Satisfied switchers (n=118)			
32	3.41	2.70	0.717	216	0.104
33	3.56	2.87	0.738	216	9.95*
34	3.48	2.89	0.590	216	2.09*
35	3.15	2.69	0.455	216	1.67
36	2.42	2.86	-0.444	216	16.08*
37	2.94	2.64	0.286	216	0.896
38	3.43	2.97	0.455	216	20.13*
Totals	12.89	11.59			

*Significant at p=0.05 level

There was no significant difference in perceptions of loyalty between tellers and satisfied switchers as shown in Table 6. This finding does not reject the hypothesis that there will not be an association in perceptions of loyalty between tellers and satisfied switchers. Significant differences were noted in item 33, ($t = 9.95$; $p < 0.05$); 34, ($t = 2.09$; $p < 0.05$) 36, ($t = 16.08$; $p < 0.05$) and 38, ($t = 20.13$; $p < 0.05$). These differences could be explained in terms of spreading positive comments about the organisation on the part of tellers. However, on the part of satisfied switchers, the lower level of loyalty they displayed may be attributed to lack of experience with the bank (assuming that they were never customers of the current service provider before) This group might have lacked information on which to base and evaluate their commitment to the bank. Their commitment towards the bank might have been in the process of developing. This assumption supports the comparison level theory (Thibhaut & Kelly, 1959). The theory asserts that customers who switch to new organisations or service providers for other reasons will be experiencing small shifts in their comparison level for alternative. In other words, for such customers, it will be very difficult of them to be sure of their commitment to the organisation. Although this notion appears true, some studies have proved otherwise. For example, Dick and Basu (1994) pointed out that customers who would have switched service providers for other reasons other than dissatisfaction are more likely to be positive about their present provider and less likely to remember their previous service providers in a positive light. Similarly, Garnesh *et al.* (2000) found that irrespective of the reasons for prior switches, the most recent switching experience is the most salient for predicting satisfaction with the current service provider.

Assuming there is a close relationship between satisfaction with service provision and subsequent behavioural intentions as put forward by Parasuraman *et al.* (1996) the behaviour of satisfied switchers could be assumed to have been influenced by their recent salient experience with the bank. This is so, especially if many of them switched from previous service providers because of closure of the bank's branches or relocation, and not dissatisfaction with the services of any other previous service provider. Applied in the current study, the organization should be wary of satisfied switchers whose status is not clear in terms of total satisfaction with, and total loyalty towards the bank. The

organisation could benefit from such knowledge by putting strong processes in place to clearly understand satisfied switchers. This is possible through showering the group with a lot of attention, which is based on the assumption that individualised attention in service provision brings a lot of business success and value for the customers. By so doing, many of the satisfied switchers could be turned into completely loyal customers.

4.5 Hypothesis 4: Loyalty towards the bank as perceived by tellers will not significantly differ with loyalty towards the bank as perceived by dissatisfied switchers

4.5.1 Comparison of perceptions of loyalty towards the bank between tellers and dissatisfied switchers

To test for differences in perceptions of loyalty between tellers and dissatisfied switchers, a t- test (pooled variances) was done. The results of the analysis are presented in Table 7.

Table 7: Comparison of perceptions of loyalty towards the bank between tellers and dissatisfied switchers

Item	Group mean		Mean difference	df	t- value
	Tellers switchers (n=100)	Dissatisfied (n=130)			
32	3.42	2.85	0.566	228	1.87
33	3.56	2.99	0.568	228	19.38*
34	3.48	3.05	0.434	228	15.41*
35	3.15	2.80	0.350	228	0.014
36	2.42	2.93	-0.511	228	32.26*
37	2.93	2.62	0.307	228	2.61*
38	3.43	2.98	0.445	228	17.58*
Total	12.89	14.57			

*Significant at p=0.05 level

Table 7 shows that there was no significant difference in perceptions of loyalty between tellers and dissatisfied switchers. Significant differences were noted on item 33, ($t = 19.38$; $p < 0.05$); 34, ($t = 15.41$; $p < 0.05$); 36, ($t = 32.26$; $p < 0.05$); 37, ($t = 2.61$; $p < 0.05$) and 38, ($t = 17.58$; $p < 0.05$). The results do not reject the hypothesis under investigation that there is no significant difference in perceptions of loyalty between tellers and dissatisfied switchers. However, the total means for the items that are significant indicate that dissatisfied switchers (mean = 14.57) seem to be more loyal than tellers (mean = 12.89). The finding contradicts previous research studies, which found that dissatisfied switchers are not high in passive loyalty compared to stayers and satisfied switchers (Garnesh *et al.*, 2000). However, the same studies have found that dissatisfied switchers are more likely to engage in active loyalty behaviors. They engage in active loyalty behaviours when they have had an emotional experience (good or bad). In the current investigation and finding, it would probably be right to assume that customers categorised as dissatisfied switchers applied the same principle. Thus, at the time of the study, this group could have recalled from memory good emotional experiences they have encountered with the organisation. These memories and emotional experiences might have provided cues for the increase in loyalty perceptions that they exhibited. This assumption supports the memory and heuristic theory (Folkes, 1994) which posits that, emotionally charged past experiences that are distinctive are easily distinguished from others and are likely to be sampled when customers recall service experiences in order to establish loyalty perceptions.

The lower level of loyalty exhibited by tellers might be attributed to their level of satisfaction on the job. However, that being the case, there should have been a corresponding lower level of loyalty on the part of the dissatisfied switchers, assuming that employees' behaviours during service delivery are reflected in customers service perceptions. Given these assumptions then, if service organisations could increase the commitment of dissatisfied switchers, they could benefit from this group's increase in the levels of involvement with the organisation. On the other hand, service organisations should remove many barriers that might hinder satisfaction and the smooth delivery of service by employees. Such barriers include role ambiguity, role conflict, lack of

autonomy and control in the service delivery process. These barriers have an impact on employees' adaptability, job satisfaction and performance (Spiro & Weitz, 1990).

4.6 Hypothesis 5: There are no differences in the demographic influence on perceptions of satisfaction with and loyalty towards the bank between tellers and each of the three internal customer groups

4.6.1 Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and stayers

Multivariate test of significance (MANOVA) was used to investigate whether there were differences in influence of key demographic variables in perceptions of satisfaction and loyalty towards the bank between the tellers and stayers. Demographic variables were used as dependent variables while items measuring satisfaction and loyalty were used as independent variables (covariates). The results of the comparison are shown in Tables 8.

Table 8: Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and stayers

Demographic item & number	Group mean		df	F-value (Satisfaction)	F-value (Loyalty)
	Tellers (n=100)	Stayers (n=52)			
Age (1)	1.80	2.19	151	0.890	1.783
Location (3)	1.31	1.33	151	1.097	0.478
Educ. level (4)	3.60	3.44	151	1.202	1.240
Work experience (5)	1.61	1.90	151	1.170	2.649
Account held (6)	1.76	1.92	151	2.961	3.279
Experience with bank (7)	1.43	1.48	151	0.949	2.219

Table 8 shows that there were no significant differences in the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and stayers. The results do not reject the hypothesis under investigation.

4.6.2 Comparison of the influence of demographic variables on satisfaction with and loyalty towards the bank between tellers and satisfied switchers

Multivariate test of significance (MANOVA) was used to investigate whether there were differences in influence of key demographic variables in perceptions of satisfaction and loyalty towards the bank between the tellers and satisfied switchers. Demographic variables were used as dependent variables while items measuring satisfaction and loyalty were used as independent variables (covariates). The results of the comparison are shown in Tables 9.

Table 9: Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and satisfied switchers

Demographic item & number	Group mean		df	F-value (Satisfaction)	F-value (Loyalty)
	Tellers (n=100)	Satisfied switchers (n=118)			
Age (1)	1.80	2.58	217	0.879	0.568
Location (3)	1.31	1.39	217	1.647	1.153
Educ. level (4)	3.58	4.21	217	2.572	3.007
Work Experience (5)	1.61	1.66	217	0.889	2.411
Account held (6)	1.76	1.69	217	0.282	0.341
Experience with Bank (7)	1.43	1.22	217	1.271	2.779

The results tabulated and shown in Table 9 also reveal that there were no significant differences in the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and satisfied switchers. The results do not reject the hypothesis under investigation.

4.6.3 Comparison of the influence of demographic variables on satisfaction with and loyalty towards the bank between tellers and dissatisfied switchers

Multivariate test of significance (MANOVA) was used to investigate whether there were differences in influence of key demographic variables in perceptions of satisfaction and loyalty towards the bank between the tellers and dissatisfied switchers. The results of the comparison are shown in Table 10.

Table 10: Comparison of the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and dissatisfied switchers

Demographic item & number	Group mean		df	F-value (Satisfaction)	F-value (Loyalty)
	Tellers (n=100)	Diss. switchers (n=130)			
Age (1)	1.80	2.49	229	0.979	2.748
Location (3)	1.31	1.33	229	1.722	0.450
Educ. Level (4)	2.20	1.90	229	0.967	3.584
Work experience (5)	3.58	3.96		0.705	0.508
Account held	1.76	1.63	229	0.395	0.644
Experience with bank (7)	1.43	1.24	229	1.006	2.715

Table 10 shows that there were no significant differences in the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank between tellers and dissatisfied switchers. The results do not reject the hypothesis under investigation.

The results presented in Tables 8, 9 and 10 contradict previous research findings. For example, Sandler *et al.* (1995) found that location had an influence on satisfaction for people living in Cape Town than those living in Johannesburg and Pretoria. Cadotte *et al.* (1987) ascertained that the tenure and period of a customer's experience with an organisation affects perceptions of satisfaction and loyalty. Boshoff and Nel (1992) concluded that age and education levels exert significant influence on perceptions of loyalty in the banking sector. On the other hand, Gilbert and Kahl (1982) in a review to find out the effects of demographic variables on perceptions of service quality concluded that social class has a significant effect in creating different consumption patterns, which in turn affect levels of satisfaction and loyalty.

4.7 Hypothesis 6: There are no differences in overall satisfaction with the bank between tellers and each of the three internal customer groups

4.7.1 Comparison of overall satisfaction with the bank between tellers and the three internal customer groups

To test hypothesis 6, only item 31 was used as a measure of overall satisfaction: "Overall, how satisfied are you with the services of the bank?" Group means were compared on the overall satisfaction measure using a one - way analysis of variance (ANOVA).

The results in Table 11 reveal that there were significant differences in perceptions of overall satisfaction with the current bank only between tellers and stayers ($F = 5.87, p < 0.05$). Thus, stayers (mean = 3.19) were significantly more satisfied with the bank's services than all the other groups. No significant differences in satisfaction were noted between tellers and satisfied switchers as well as tellers and dissatisfied switchers. However, it is interesting to note that the mean satisfaction level decreases from stayers to dissatisfied switchers to satisfied switchers. The results therefore only provide partial

support for the hypothesis under investigation. The significant differences between tellers and satisfied switchers; tellers and dissatisfied switchers are in tandem with the notion that when employees feel the service atmosphere as “warm and friendly,” their perceptions of service quality are more positive and loyalty to the service organisation is enhanced. The positive perceptions are then reflected in their interaction with different types of customers who will in turn view the whole organisational climate as very conducive and satisfying (Wood, 1994; Houston 1994).

The high satisfaction levels noted among the stayers support previous findings. For example, Dick and Basu (1994) ascertain that stayers lack experiential knowledge with other services. They always perceive high cost of switching services more than the other two groups. Therefore, they are more likely to show high levels of satisfaction with their current service provider, even under conditions of dissatisfaction. Similarly in support of the current findings the social judgment theory (Sherif, Sherif & Nerbegall, 1965) asserts

Table 11: Comparison of satisfaction with the bank between tellers and each of the three internal customer groups.

Measure	Groups	Mean scores	Mean difference	F- value
Overall, how satisfied are you with the bank's services?	Tellers	3.04		
	Stayers	3.19	-0.152	5.87*
	Tellers	3.04	0.00	
	Dissatisfied switchers	2.94		0.503
	Tellers	3.04	-0.006	
	Satisfied switchers	3.05		0.975

* Significant at p=0.05 level

that, loyal customers are those highly involved with their current service provider. They are therefore likely to resist pressure to switch and always report that they are satisfied with their current service provider. Because stayers are also regarded as the bedrock of service organisations, having their needs fitting well with those of the organisation's offerings, they are worth spending resources on in order to retain them. This could be achieved through the provision of supporting services (e.g., self service technology systems) and developing proactive recovery measures in order to make amends when something goes wrong for this group of customers.

Important implications can be drawn from the above findings. Service organisations should manage their organisational climates by making them pleasant places to work in. They should continuously ask themselves questions like: How do employees view the organisation? Does the organisation, through its management of customers and employees project the image of being customer service oriented all the time?

4.8 Conclusion

In this chapter, the results and discussion of the statistical analyses used to test the hypotheses of the investigation have been presented. T-test for pooled variances was used to analyse relationships in perceptions between tellers and each of the three internal customer groups; a one-way analysis of variance (ANOVA) was used to test the overall loyalty and satisfaction levels among the four groups; and a multivariate test of significance (MANOVA) was used to test the influence of demographic variables on perceptions of satisfaction with and loyalty towards the bank among the four groups. Results showed that:

- There were significant differences in perceptions of satisfaction with the service provision of the bank between tellers and each of the three internal customer groups.
- Tellers were significantly more loyal to the organisation than each of the three internal customer groups.
- There were significant differences in perceptions of loyalty towards the bank between tellers and each of the internal customer groups.

- Demographic variables did not have an influence on satisfaction with and loyalty towards the bank among the four groups.
- Stayers showed that they were significantly more satisfied with the overall service provision of the bank than all the other groups.

CHAPTER FIVE: CONCLUSIONS, IMPLICATIONS FOR THE BANK'S MANAGEMENT AND FUTURE RESEARCH DIRECTIONS

5.1 Introduction

This chapter presents the conclusions of the investigation, the managerial implications of the conclusions for the bank, limitations of the investigation and suggestions for future research.

5.2 Conclusions

The findings of the investigation showed that:

- Tellers and stayers differed in their perceptions of satisfaction with the services provided by the bank. The differences were explained in the context of organisational dynamics that impact on employee performance.
- Tellers and satisfied switchers differed in perceptions of satisfaction with service provision. The findings were discussed within the framework of organisational socialisation of both employees and customers.
- As predicted in the hypothesis, dissatisfied switchers and tellers differed in their levels of satisfaction with service provision. Tellers were more satisfied with the services provided than dissatisfied switchers. The results were explained and discussed using the transaction-specific theory (Oliver, 1993) and the interactive theory (Lovelock, 1984) that focus on the behavioural characteristics suited to dissatisfied switchers.
- Tellers were more loyal to the bank than all the other three groups. These findings were discussed within the framework of positioning the organisation in order to extract additional value (in terms of loyalty behaviour) from tellers by focusing on a strategy of building commitment to the group's relationship with the organisation.
- Stayers were less loyal towards the bank than tellers. Previous research supported these findings (Garnesh *et al.*, 2000).
- Tellers and satisfied switchers differed in levels of loyalty towards the bank with tellers showing that they were more loyal than satisfied switchers. Satisfied switchers have been identified as customers who are on the borderline in terms of both

satisfaction with services and loyalty. The differences with tellers were explained in tandem with the manner in which commitment towards an organisation develops among this group of customers.

- Dissatisfied switchers exhibited higher levels of loyalty towards the bank than tellers, which pointed to the very nature of dissatisfied switchers' switching behaviour patterns and intermittent satisfaction levels whenever they switch to new service providers.
- No differences in the demographic influences on satisfaction with and loyalty towards the bank were observed between tellers and each of the three groups of customers. Methodological shortcomings have been attributed to this finding.
- Overall, stayers exhibited a higher level of satisfaction with the bank than all the other groups. The organisation could benefit from this observation by continuously building harmonious, relevant services valued by the current stayers.

5.3 Implications for the bank's management

The findings indicate that the bank is fundamentally faced with managing four distinct groups (stayers, satisfied switchers, dissatisfied switchers and employees), that sometimes differ in their satisfaction with and loyalty towards the bank. The critical question to be addressed by the bank is: "Which of these four groups warrant strategic investment?" The finding, with regards to satisfaction levels show that, all the groups need attention if they are to be of any value to the bank. However, caution must be taken when acquiring and retaining each group. It would be proper if large investment were done for a group that is explicitly identified as having a profitable significance to the bank. What is needed therefore, in light of these findings, are efforts by the bank's management to recognise the heterogeneity inherent in its customer base. This recognition provides the opportunity for treating the customer segments differently, recruit and select the right employees as part the bank's investment in customer and employee relationship management. In the end there is bound to be an improvement in the degrees of satisfaction and loyalty among customers and employees.

With service provision intensifying and all forms of competition (e.g., intratype and intertype) present, management should know that customers and employees today are very much aware of what they actually want in relationship marketing. The provision of service that differentiates itself from the competitor is enough to attract support from both customers and employees. Thus, the delivery of service should go beyond the traditional view of providing primary service. Knowing the bank's customer base and its employees, as well as what these two groups think about the service being provided is important for management. Such knowledge would help identify areas of service provision that are important and required for maintaining the correct standards of service quality. Only when such areas have been identified, will management be in a position to know whether staff training or changes to organisational policy with regard to service provision, require management attention.

In view of the ever-changing technology in financial services, there are limited chances on the part of management to always impress customers. Therefore, contact points (encounter between tellers and customers) should be managed and individualised attention provided. Thus, management should consider and utilise the opportunities that are available to satisfy customers and employees whenever they interact during business transaction. This results in a lot of economic ties between the organisation, customers and employees. Such ties, if they become strong, would enable the organisation to better serve both its customers and employees, thereby deterring competitive efforts to win them away.

The findings showing differences in loyalty levels between tellers and the three groups imply that improving service quality can increase behavioural intentions among employees and customers. The findings demonstrate the need for managers to adopt strategies that steer behavioural intentions. Such strategies include the prevention of service problems that do occur and effectively solving problems that have occurred. Similarly, management should continuously examine customer responses to the service being provided - including intentions signaling behaviours (indicators of loyalty and commitment) that are potentially favourable or unfavourable to the organisation. Such an

examination will provide management with continuous source(s) of information relating to questions like:

- What levels of service quality must be delivered to retain customers and employees?
- What service initiatives should be undertaken to encourage customers and employees to recommend the organisation, spend more time with it, or pay a price premium?
- To retain customers and employees, should the organisation spend money on proactive service improvement or in handling complaints?

5.4 Limitations of the investigation

- Like all studies of a similar nature, this study has some obvious limitations which signal caution to the generalisation of the findings. The study was limited by the use of only one bank within the retail-banking sector. This focus on a single industry raises concerns about limited generalisability. Even though one might accept the allocation of similar organisations to the same setting, the study remains in reality, not representative of all other retail banks in Zimbabwe. However, constraining the study to a single industry eliminated problems associated with the effects of industry differences. Notwithstanding these limitations, the constructs examined in this study could be applied to any industry, service or otherwise.
- Since the researcher had no access to contact employees and customers directly, bank managers were relied upon to distribute the surveys. The possibility exists that managers did not randomly distribute the surveys as instructed and gave them to the best or most customer-oriented employees. However, because managers did not know the aims of the study, beforehand, they had no substantive reasons to distribute the surveys in this manner. Despite this risk, no bias was noted as surveys were being coded. One consequence for relying on the branch managers in the distribution of surveys was noted. The sample for tellers had 50% male and 50% female respondents. The researcher feels this outcome maybe a reflection of the distribution of tellers in the bank.

- There was an over assumption on the part of the researcher that the SERVQUAL instrument will work in any part of the world in the service sector since its reliability and validity are known. However, it was good to have checked the two constructs (reliability and validity). This was good for two reasons: (1) It is simply good research practice, it is fair that clients demand this of their organisational research supplier(s) and (2) questionable results that emerged in the study may point to inadequate research methodology and practice, or they may shed light on interesting situations within the organisation (bank), or its markets.
- Although a pre-survey was done to establish the literate levels of the respondents, the SERVQUAL instrument was all in English. In a multicultural society like Zimbabwe, it will not always be the case that all respondents do understand English.
- Due to restrictions in access to certain information by the participating organisation, the researcher could not obtain demographic information of both the population of tellers and that of customers. There were flaws in the descriptions of the two populations.

5.5 Directions for future research

Several directions for possible future research in this area of service satisfaction and loyalty within organisation exemplars can be noted:

- There has not been a great deal of research work done in the area of service quality in Zimbabwe. So, in general, there is scope for much continued effort in this regard.
- Additional replications alone will provide a great deal of future insight. Extensions to the areas of cross-cultural comparisons and communication can provide rich advances for future research.
- The issue of the influence of demographic variables needs to be followed up and explored further. With proper categorisation of the respondents in each group, an interesting extension of this study would be to disentangle the influence of demographic variables (as those in the present study) on perceptions of service satisfaction and loyalty towards an organisation.

- From a methodological point of view, the data in this study was obtained from tellers and customers. It would be interesting to include back-office staff (those who do not have daily contacts with customers).
- The issue of measuring satisfaction and loyalty towards a bank from tellers' and customers' perspectives indicate the desirability of measuring the same constructs across managers, employees and customers. The issue of manager versus employee or customer perceptions is an important one, especially with regards to management commitment to service quality (MCSQ) and other forms of managerial control. Further research could address this issue to determine how perceptions of managers, employees and customers differ with respect to satisfaction and loyalty towards a service organisation.
- To increase the generalisability of the findings of this investigation, future research might involve replicating the investigation in related and/ or other service environments similar to the one used in the current investigation (banking environment). It would be proper if the comparisons are done between two or more organisations.

5.6 Conclusion

From the findings of the current investigation it can be concluded that there were differences in satisfaction with and loyalty towards the bank between tellers and the three internal customer groups. Furthermore, there were no differences in the demographic influences on perceptions of satisfaction with and loyalty towards the bank between tellers and the three internal customer groups. The implications for the bank's management have been suggested as the need to formulate conducive relationship marketing strategies to satisfy both customers and employees.

The major limitations of the investigation have been identified as: (1) Use of one bank which had implications for generalisability of results, (2) lack of re-validation of the questionnaires used in the investigation and (3) lack of adequate demographic indices for both tellers and the three internal customer groups.

Future research directions focused on widening the investigation in similar environments, across cultures and other employees besides bank tellers.

LIST OF REFERENCES

- Ahmed, I. & Parasuraman, A. (1994). Environmental and positional antecedents of management commitment to service quality. A conceptual framework. *Advance in Services Marketing Management*, 3, 69-93
- Allen, N.J. & Meyer, J.P. (1990). Organisational socialisation tactics: A longitudinal analysis of links to new comers' commitment and role orientation. *Academy of Management Journal*, 33, 847-58
- Anderson, E.W., Fornell, C. & Lehmann, D.R. (1994). Customer satisfaction, market share, and profitability : Findings from Sweden. *Journal of Marketing*, 58, 53-65
- Anderson, E.W. & Sullivan, M. (1993). Antecedents and consequences of customer satisfaction for firms. *Marketing Science*, 12,125-143
- Babin, B. & Boles, J.S. (1998). Employees behaviour in the service environment : A model and test of potential differences in men and women. *Journal of Marketing*, 62, 77-91
- Berry, D. (1995). Quality control in marketing. *Direct Marketing*, 7, 50-60
- Bettencourt, L. & Gwinner, K. (1996). Customisation of the service experience: The role of the frontline employees. *International Journal of Services Industry Management* 7, 2-20
- Bitner, M. (1990). Evaluating services encounters: The effects of physical surroundings on employee responses. *Journal of Marketing*, 54, 69-82
- Bitner, M.J., Booms, B.H. & Tetreault, S. (1990). The service encounter: Diagnosing favourable and unfavourable incidents. *Journal of Marketing*, 54, 71-84

- Bless, C. & Higson-Smith, C. (2000) *Fundamentals of social research methods: An African perspective (3rd edition)*. Cape Town: Credo Communicatios.
- Bolton, R.N. & Dew, J. 1991. A multistage model of consumers for competitive advantage. *Business Horizon, August*, 58-66.
- Booms, B.H. & Bitner, M.J. (1981). *Marketing strategies and organisation strategies for service firms. Marketing of service firms*. Chicago: American Marketing Association.
- Booms, B.H. & Tetreault, S. (1990) The service encounter: Diagnosing favourable and unfavourable incidents. *Journal of Marketing, 54*, 71-113
- Boshoff, C. & Nel, D. (1992). The influence of demographic variables on service quality perceptions among customers. *South African Journal of Business Management, 23*, 89-113
- Boshoff, C., Mels, G. & Nel, D. (1992). The relative influence of service quality: Dimensions in the banking industry. *South African Journal of Business Management, 25*, 14-21
- Bowen, D.E. & Cumming, T.G. (1990). *Suppose we took services seriously: Service management effectiveness. Balancing strategy, organization and human resources, operations and marketing*. San Francisco: Jossey Bass.
- Bowen, D.F. & Lawler, E. (1992). The empowerment of service workers: What, why how, and when. *Sloan Management Review, 33*, 31-39
- Bowen, D.F. & Schneider, B. (1988). Services marketing and management: Implications for organizational behaviour. *Research in Organizational Behaviour, 10*, Greenwich: JAI Press.

Bowen, D.E. & Schneider B. (1985). *Boundary spinning, role employees, and the service encounter*. Some guidelines for management research.

Bowen, D. E. & Schneider, B, (1995). *Winning the service game*. Boston: Havard Business School Press.

Brown, S. W. & Gaulden, C. F. (1984). *Replication and theory development*. New York: John Wiley and Sons.

Brown, S. & Peterson, R. (1993). Antecedents and consequences of salesperson job satisfaction: Meta-analysis and assessment of causal effects, *Journal of Marketing Research*, 32, 63-77

Brown, W. (1995). Organisational climate. *Leadership and Organizational Development Journal*, 13, 1-32

Boulding, W. (1993). A dynamic process model of service quality: From expectations to behavioural intentions. *Journal of Marketing Research*, 30, 7-27

Cadotte, E.R., Woodruff, R.B. & Jenkins, R.L. (1987). Expectations and norms in models of consumer satisfaction. *Journal of Marketing Research*, 24, 305-14

Christopher, M., Payne, A.F.T. & Ballantyne, D. (1991). *Relationship marketing: Bring quality, consumer service and marketing together*. Oxford: Butterworth-Heinemann.

Churchill, G.A. & Surprenant, C. (1982). An investigation into the determinations of customer satisfaction. *Journal of Marketing Research*, 19, 491 – 504

- Clarke, M. & Payne, A.F.T. (1993). *Customer retention: Does employee retention hold the key to success?* Marketing evaluation group conference: Loughborough.
- Conger, J.A. & Kanungo, R.N. (1988). Empowerment process: Integrating theory and practice. *Academy of Management Review*, 13, 471-482
- Crano, E.H. (1977). Towards a theory of information processing research, *Journal of Cognitive Psychology*, 6, 45-67
- Cronin, J.J. & Taylor, S.A. (1992). Measuring service quality. A re-examination and attention. *Journal of Marketing*, 56, 55-68
- Crosby, L.A. & Stephens, N. (1987). Effects of relationship marketing on satisfaction, retention and prices in the life insurance industry. *Journal of Marketing Research*, 24, 404-411
- Crosby, P.B. (1979). *Quality is free*. New York: McGraw Hill.
- Curry, P. A. (1985) A longitudinal assessment of customer satisfaction. *Journal of Marketing Research*, 20, 393-404
- Dabholkar, P. A. (1996). A measure of service quality for retail stores: scale development and validation. *Journal of the Academy of Marketing Science*, 24, 3-16
- Dick, A.S., & Basu, K. (1994). Customer loyalty: Towards an integrated conceptual framework. *Journal of Academy of Marketing Science*, 22, 99-103
- Ennew, C.T. & Binks, M.A. (1996). The impact of service quality and service characteristics on customer retention: Small business and their banks in the UK. *British Journal of Management*, 7, 219-230

- Entwisle, N.J. & Nisbert, J.D. (1972). *Educational research in action*. London: University of London.
- Evans, G.C. (1989). *Perceptions of service quality in a general bank*. Unpublished MBA Research Paper. Johannesburg: Witwatersrand University.
- Frank, R.E., Massy, F.W. & Wind, Y.(1992). *Market segmentation*. New Jersey: Prentice Hall.
- Ferrell, D.C. & Hartline, M.D. (1996). The management of customer contact employees: An empirical investigation. *Journal of Marketing*, 60, 52-70
- Fisk, R.P. (1981). *Towards a consumption and evaluation process model for services: Marketing of services*. Chicago: American Marketing Association.
- Fletcher, M. & Brand, H.E. (1999). An evaluation of client services provided by the human resource division of a national service organization. *South African Journal of Economic and Management Science*, 2, 258-268
- Folkes, V.S., Koletsky, S. & Graham, J.L. (1997). A field of study of causal inferences and consumer reaction: The view from the airport. *Journal of Consumer Research*, 13, 534-539
- Folkes, V. (1994). *How customers predict service quality: What do they expect in service quality. New directions in theory and practice*. Thousand Oats, CA: Sage Publications.
- Fornell, C. (1992). A national satisfaction consumer barometer: The Swedish experience. *Journal of Marketing*, 56, 6-21

- Fournier, S., Dobsch, S. & Mick, D. G. (1998). Preventing the premature death of relationship marketing. *Harvard business Review, Jan-Feb*, 42-93
- Garnesh, J., Arnolds, M.J. & Reynolds, K.E. (2000). Understanding the customer base of the service provider: An examination of the differences between stayers and switchers. *Journal of Marketing, 64*, 6-21
- Garvin, D.A. (1988). *Managing quality*. New York: The Free Press.
- Gerber, P.D., Nel, P.S. & van Dyk, P.S. (1998). *Human resources management (4th edition)*. Johannesburg: Thompson Publishing.
- Gilbert, D. & Kahl, J.A. (1982). *The American class structure: A new synthesis*. Homewood, II: The Dorsey Press.
- Govender, K.K. (1998). Managing the service quality by managing the service customer. *South African Journal of Business Management, 28*, 126-134
- Govender, K. K. (1999). Employees perceptions of organisational climate: Its effects on service quality. *Journal of Industrial Psychology, 25*, 44-49
- Govender, K. K. (2000). Championing customer service quality. *South African journal of Business Management, 17*, 14-17
- Greco, A.J. & Fields, D.M. (1991). Profiling early tries of service innovations: A look at home video ordering services. *Journal of Services Marketing, 5*, 19-26
- Gronroos, C. (1984). A service quality model and its marketing implications, *European Journal of Marketing, 18*, 36-44

- Gronroos, C. (1990). Relationship Approach to Marketing: Service contents: The marketing of organizational behaviour interface. *Journal of Business Research*, 20, 3-11
- Gronroos, C. (1993). Towards the third phase in service quality research: Challenges and future directions. *Advance in Service Marketing and Management*, 2, 49-64
- Hartline, M., Matham J.G. III & McKee, D.O. (2000). Corridors of influence in the dissemination of customer orientation strategy to customer contact service employees. *Journal of Marketing*. 64, 35-50
- Hartline, M.D. & Ferrell, D.C. (1996). Service quality implementation: The effects of organisational socialisation and managerial actions on customer contact employees' behaviours. *Marketing Science Institute Report*, 93, 93-122
- Himle, D. P., Jayaratne, S. & Thyness, P. (1989). Effects of emotional support on burnout, work stress, and mental health among Nowergian American social workers. *Journal of Social Science*, 13, 27-45
- Hodson, R. (1996). Gender differences in job satisfaction. Why aren't more women dissatisfied. *The Sociological Quartely*, 30, 385-99
- Houston, B. A. (1994). Supervisions matter more than you think: Component of a mission – centred organizational climate. *Hospitality and Health Sciences Administration*, 39, 12-25
- Hunt, H.K. (1977). Overview and future research directions. *Marketing Science Institute*, 56, 455-488.
- Jacobs, L.E. (1988). *Perceptions of quality in the private physiotherapy practice*. Unpublished MBA Research Report. Johannesburg:Witwatersrand University.

- Jick, T.D. & Mitz, L.F. (1985). Sex differences in the work place. *Academy of Management Review*, 10, 408-420
- Johnson, M.D. & Fornell, C. (1991). A framework for comparing customer satisfaction across individual and product categories. *Journal of Economic Psychology*, 12, 267-286
- Jones, G.R. (1986). Socialisation tactics, self-efficacy, and newcomers' adjustment to organisations. *Academy of Management Journal*, 29, 262-279
- Jones, T.O. & Sasser, E.W. Jr (1995). Why satisfied customers defect. *Harvard Business Review*, 73, 88-109
- Kamfer, R., Venter, S. D. & Boshoff, C. (1988). Managing marketing channel opportunism: The efficacy of alternative governance mechanism *Journal of Marketing*, 64, 51-65
- Kelly, K., Hoffman, D. & Dans, M. A. (1993). A typology of retail failures and recoveries. *Journal of Retailing*, 69, 429-452
- Kelly, S.W. (1987). *Managing service quality: The organisational socialisation of the service employee and service customer*. Unpublished DBA Dissertation, Lexington: Kentucky, UK.
- Kerlinger, F. N. (1965). *Foundations of behavioural Research: Educational and psychological inquiry*. New York: Holt, Rinehart and Winston, Inc.
- Kotler, P. (1980). *Marketing management: Analysis, planning, implementation and control (6th edition)*. New Jersey: Prentice Hall.
- Lawrence, P. & Karr, J. (1996). Technology spending and alliances: New heights in financial services firms. *Journal of Retail Banking Services*, 17, 45-52

- Lehtinen, U. & Lehtinen, S.R. (1982). *Service quality: A study of quality dimensions*. Unpublished Marketing Paper. Hellenisk: Service Management Institute.
- Lewis, R.C. & Brown, B.H. (1993). *The marketing aspects of service quality: Emerging perspectives on services marketing*. Chicago: America Marketing Association.
- Lovelock, C.H. (1984). *Managing the service marketing system: Service marketing text, cases and readings*. Englewood Cliffs, New Jersey: Prentice Hall.
- Lysonski, S.J. (1982). Behavioural effects of boundary spanning on the product manager: An assessment of marketing thought and practice. Chicago: *American Marketing Association Proceeding Series*, 242-246
- Marshall, A. N. (1995). Competing on customer service. *Havard Business Review*, Nov-Dec, 101-112
- Martin, W.B. (1990). *Managing quality customer service*. Great Britain: Kogan Page.
- Matthew, J.E. & Zajac, D.M. (1990). A review and meta – analysis of the antecedents, correlates, and consequences of organisational commitment. *Psychological Bulletin*, 108, 171-194
- Meuter, M.L. Ostrom, A.L., Roundtree, R.I. & Bitner, M.J. (2000). Self-service technologies: Understanding customer satisfaction in technology based service encounters. *Journal of Marketing*, 64, 50-64
- Mohr, L.A. & Bitner, M.J. (1995). The role of employees' effort in satisfaction with service transaction. *Journal of Business Research*, 32, 239-252
- Morrison, E.W. (1996). Organisational citizenship behaviour as a critical link between HRM practitioner and service quality. *Human ResourcesManagement*, 35,

- Morgan, R.M. & Hunt, S.D. (1994). The commitment trust theory of relationship marketing. *Journal of Marketing*, 58, 20-38
- Nie, N.H., Hull, C.H., Jenkins, J.G., Steinbrenner, K. & Bent, D.H. (1975). *SPSS: Statistical Package for the Social Sciences (2nd edition)*. New York: McGraw Hill.
- Nel, D., Pitt, L.F. & Berthon, S. (1997). The SERVQUAL instrument: Reliability and validity in South Africa. *South Africa Journal of Business Management*, 28, 113-121
- Nelson, P. (1970). Information and consumer behaviour. *Journal of Political Economy*, 78, 311-329
- Newman, W.L. (1997). *Social research methods: Qualitative and quantitative approaches (3rd edition)*. Needham Heights: Allyn and Bacon.
- O'Brien, L. & Jones, C. (1995). Do rewards really create loyalty? *Harvard Business Review*, 75, 75-83
- Oliver, R.L. (1997). *Satisfaction: A behavioural perspective on the consumer*. Boston: Irwin/McGraw-Hill.
- Oliver, R.L., Rust, R.T. & Varki, S. (1997). Customer delight: Foundations, findings and managerial insight. *Journal of Retailing*, 73, 31-36
- Olivier, R.L. (1980). A cognitive model of the antecedents and consequences of satisfaction dimensions. *Journal of Marketing Research*, 17, 460-469

- Oliver, R.L. (1993). Cognitive, affective, and attribute bases of the satisfaction response. *Journal of Consumer Research*, 20, 418-430
- Owens, J. & Loggerenberg, T. (1992). The telephonist and the service quality gap. *South African Journal of Business Management*, 23, 82-89
- Owens, J., & Van der Merwe, J. (1993). Perspectives of the services provided by the human resource function. *South African Journal of Business Management*, 240, 56-65
- Parasuraman, A., Berry, L.L. & Zeithaml, V.A. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49, 41-50
- Poster, W.W. & Hackmand, J.R. (1997). *Behaviour in organisations*. New York: McGraw Hill.
- Parasuraman, A., Berry, L.L. & Zeithaml, V.A. (1988). "SERVAQUAL: A multiple item for measuring consumer perception of service quality." *Journal of Retailing*, 64, 12-37
- Parasuraman, A., Berry, L.L. & Zeithaml, V.A. (1990). A re-assessment of expectations as a comparative standard in measuring service quality. *Journal of Marketing*, 58, 444-480
- Parasuraman, A., Berry, L.L. & Zeithaml, V.A. (1994). Reassessment of expectations as a comparison standard in measuring service quality: Implications for further research. *Journal of Marketing*, 58, 111-124
- Parasuraman, A., Berry, L.L. & Zeithaml, V.A. (1996). Behavioural consequences of service quality. *Journal of Marketing*, 60, 31-46

- Pulkkein, L. (1996). Female and male personality styles: A typological and developmental analysis. *Journal of Personality and Social Psychology*, 70, 1288-1306
- Raju, P.S. (1980). Optimum situation level: Its relationship to personality, demographics and exploratory behaviour. *Journal of Consumer Research*, 7, 272-282.
- Reichheld, F.F. & Sasser, E.W. (1990). Zero defects: quality comes to services. *Harvard Business Review*, 68, 105-111
- Reidenbach, L.L. & Smallwood, S. (1990). Linking service quality, customer satisfaction and behavioural intentions. *Journal of Health Care Marketing*, 9, 5-17
- Rowland, G.T. & Ferries, B. (1982). *Personnel management*. Massachusetts: Allwin and Bacon.
- Rucci, A.J., Kim, S.F. Quinn, R.T. (1998). The employee customer – profit chain at Sears. *Harvard Business Review*, Jan-Feb, 82-97
- Rust, R.T. & Zahorik, A.J. (1993). Customer satisfaction, customer retention, and market share. *Journal of Retailing*, 69, 193-215
- Ramaswami, S.N. (1996). Marketing controls and dysfunctional employee behaviour: A test of traditional and contingency theory postulates. *Journal of Marketing*, 60, 105-20
- Sanderlands, E. (1994). Missing link in quality management. *Management Division* 35, 48-49

- Sandler, M., Brendixen, M. & Elfassy, R. (1995). Black customers' perceptions of service quality in the life assurance industry. *South African Journal of Business Management*, 26, 115-123
- Schneider, B. & Bowen, D.E. (1995). *Winning the service game*. Boston: Harvard Business School Press.
- Senge, P.M. (1990). *The fifth discipline: The art and practice learning organisation*. New York: Double Day.
- Sherif, C. W., Sherif, M. & Nebergall, R. E. (1965). *Attitude and attitude change*. Philadelphia: Saunders.
- Singh, J. (2000). Performance productivity and quality of frontline employees in service organisations. *Journal of Marketing*, 64, 15-34
- Smith, R.A. & Houston, M.J. (1983). Script-based evaluations of satisfaction with services. Emerging perspectives on services marketing. Chicago: *American Marketing Association*, 59-62
- Solomon, M.R., Surprenant, C. & Czepiel, S.A. (1985). The role theory perspective on dyadic interactions: The service encounter. *Institute of Marketing*, 49, 99-111
- Spector, P.E. (1986). Perceived control by employees: A meta-analysis of studies concerning autonomy and participation at work. *Academy of Management Journal*, 35, 292-327
- Spiro, R.L. & Weitz, B.A. (1990). Adaptive selling: Conceptualisations, measurement, and nomological validity. *Journal of Marketing Research*, 27, 61-69

- Steyn, C. (2000). Making customer loyalty real. Lessons from leading manufacturers. *Management Today*, 14-22
- Tax, S.S., Brown, W. & Chandrashekan, M. (1998). Customer evaluation of service complaints experiences: Implications for relationship marketing. *Journal of Marketing*, 62, 60-76
- Teas, K. (1993). Expectation, performance, evaluation and consumers' perceptions of quality. *Journal of Marketing*, 10, 19-34
- Tetreault, B. B. (1990). The impact of other customers on service experiences: A critical incident examination of getting along. *Journal of Retailing*, 73, 217-224
- Theory, T.B. (1988). The Service organisation: Climate is crucial. *Organisational Dynamics*, 9, 52-56
- Thibaut, J.W. & Kelly, H.H. (1959). *The social psychology of groups*. New York: John Wiley & Sons.
- Townsend, P.L. & Gerhardt, J.L. (1986). *Commitment to quality*. New York: John Wiley & Sons.
- Treacy, M. & Wiersema, F. (1993). Customer intimacy and other value disciplines. *Harvard Business Review*, 84-85
- Tvesky, A. & Kahnemann, D. (1974). Judgement under uncertainty: Heuristics and Biases. *Science*, 185, 1124-1131
- Wagner, J.A. & Hollenbeck, J.R. (1996). *Management of organisational behaviour*. Englewood Cliffs, New Jersey: Prentice Hall.

- Weiser, C.R. (1995). Championing the customer. *Harvard Business Review*, 11, 113-116
- Westbrook, R.A. (1987). Product consumption – based affective responses and post-purchase processes. *Journal of Marketing Research*, 24, 258-270
- White, J. (1991). Corporate culture and corporate success. *South African Handbook of Management Development*, 66, 17-22
- Wood, A.J. (1994). Employee retention. *Management*, 46, 4-7
- Woodside, A.G., Frey R.B. & Dally, R.T. (1989). Linking service quality, customer satisfaction and behavioural intentions. *Journal of Health Care Marketing*, 9, 5-17
- Yoon, J., Baker, M.R. & Ko, J.W. (1994). Interpersonal attachment and organisational commitment: Subgroup hypothesis revisited. *Human Relations*, 47, 379-351
- Zepiel, J.A. (1990). Service encounters and service relationships: Implications for Research. *Journal of Business Research*, 20, 13-21
- Zeithaml, V.A., Parasuraman, A. & Berry, L.L. (1990). *Delivering quality service: Balancing customer perceptions and expectations*. New York: The Free Press.
- Zeithaml, V.A. (1981a). *How consumer evaluation processes differ between goods and services*. Chicago: American Marketing Association Proceedings.
- Zeithaml, V.A. (1981b). *How evaluation processes differ between goods and services*. Chicago: America Marketing Association.

UNIVERSITY OF FORT HARE
HOWARD PIM LIBRARY
PRIVATE BAG X 1322
ALICE 5700

APPENDIX A

Branch.....

SERVICE QUESTIONNAIRE

At the Jewel Bank we always try to keep in touch with our customers to establish ways of improving the service we deliver.

The purpose of this short survey is to establish ways of improving the data - base of our customers throughout the country.

We kindly ask you to spare just a few minutes to answer the questions below. Please do not write your name on this questionnaire, as the information we obtain is confidential.

PLEASE RESPOND TO THE ITEMS BELOW BY TICKING (✓) IN THE APPROPRIATE BOX

1. What is your age?

18-24	25-34	35-44	45-54	55+
1	2	3	4	5

2. Are you male or female?

Male	Female
1	2

3. Where do you live?

Urban area	Rural area	Growth Point	Mine	Farm
1	2	3	4	5

4. What is your level of education?

No formal education	Primary school level	Secondary school level	College level	University level
1	2	3	4	5

5. Work experience (years)

Less than 5	5-11	12-17	18-24	25++
1	2	3	4	5

6. Which of the following accounts do you currently hold at the Jewel Bank?

Current account	Savings account	Fixed account	Call account	Loan account
1	2	3	4	5

7. For how long have you been a Jewel Bank Customer?

Less than 5 years	5-10 years	11-15 years	16 years++
1	2	3	4

8. Is the Jewel Bank your major banking service supplier?

Yes	No
1	2

9. Is the Jewel Bank your first ever bank to open an account with?

Yes	No
1	2

10. If no, what was the reason for you leaving your previous bank?

- (a) Overall dissatisfaction with the services of the previous bank
- (b) Job relocation
- (c) Moved out of the bank's service area
- (d) My previous bank closed down
- (e) My previous bank was bought by a different bank
- (f) Other. Specify.....

We would like to thank you so much for the time you took to respond to the items in this questionnaire.

APPENDIX B

Branch.....

SERVICE QUALITY QUESTIONNAIRE

As part of our effort to improve the services we deliver, the Jewel Bank carries out periodic surveys with customers and employees to know areas where we need to improve and where improvements have worked quite well. In order for us to do this, we kindly ask you to use a few minutes to complete this questionnaire. Do not write your name on this questionnaire, as information collected will be confidential. The expression of your opinions will be most helpful.

Please respond to the items by putting a circle (O) where appropriate, or please write in the space provided

DEMOGRAPHIC INFORMATION

1. What is your age?

18-24	25-34	35-44	45-54	55+
1	2	3	4	5

2. Are you male or female?

Male	Female
1	2

3. Where do you live?

Urban area	Rural area	Semi urban/Growth Point	Farming area	Mining area
1	2	3	4	5

4. What is your level of education?

No formal education	Primary school level	High school level	College level	University level
1	2	3	4	5

5. Work experience (years)

0 to 5	6 to 11	12 to 17	18 to 24	25+
1	2	3	4	5

6. Which of the following accounts do you currently hold at the Jewel Bank?

Current account	Savings account	Fixed deposit account	Call account	Loan account
1	2	3	4	5

7. For how long have you been a Jewel Bank customer or employee?

Less than 5 years	5- 10 years	11-15 years	16 years+
1	2	3	4

OTHER INFORMATION (The following three (3) questions are to be answered by customers only).

8. Is the Jewel Bank your major banking service supplier?

Yes	No
1	2

9. Is the Jewel Bank your first ever bank to open an account with?

Yes	No
1	2

10. If no, what was the reason for leaving your previous bank?

- (a) Overall dissatisfaction with the service of the previous bank
- (b) Job relocation
- (c) Moved out of the bank's service area
- (d) My bank closed down
- (e) My previous bank was bought by a different bank

Other reason. Please specify.....

OVERALL SERVICE OF THE BANK

Please circle (O) the comment that best describes your opinion about each item

***11. The Bank's internal atmosphere for service**

Excellent	Good	Not very good	Poor
4	3	2	1

12. The appearance of employees

Excellent	Good	Not very good	Poor
4	3	2	1

13. The Bank has modern looking equipment to provide service

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

14. The physical facilities of the Bank are good to look at

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

•15. When the Bank promises to do something by a certain time, it does so

Strongly agree	Agree	Disagree	Strongly Disagree
4	3	2	1

16. The Bank communicates to customers about other services it offers

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

17. The Bank performs the service efficiently the first time

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

18. When a customer has got a problem, the Bank shows a sincere interest in solving it

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

19. Employees are punctual in fulfilling promises made to customers

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

20. The Bank keeps its records accurately

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

◆ 21. Staff consistently resolve customer concerns the first time

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

22. How would you describe employees' responses to customer requests, despite busy workloads?

Excellent	Good	Not very good	Poor
4	3	2	1

23. Customers feel free to discuss their needs with the Bank

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

24. How would you describe employees' friendliness to customers?

Very friendly	Friendly	Not friendly	Not friendly at all
4	3	2	1

♥25. The staff always use language understood by customers

Strongly agree	Agree	Disagree	Strongly Disagree
4	3	2	1

26. How would you describe staff politeness?

Very polite	Polite	Not polite	Not polite at all
4	3	2	1

27. What can you say about the ability of staff to answer customer questions?

Excellent	Good	Not very good	Poor
4	3	2	1

♣28. Describe the individual attention given to the customers by the Bank

Excellent	Good	Not very good	Poor
4	3	2	1

29. What do you say about the operating hours and days of the Bank?

Excellent	Good	Not very good	Poor
4	3	2	1

30. How would you describe the ability of staff to work out solutions to each customer's questions and requests?

Excellent	Good	Not very Good	Poor
4	3	2	1

31. Overall, how satisfied are you with the Jewel Bank's services?

Totally satisfied	Satisfied	Dissatisfied	Totally dissatisfied
4	3	2	1

GENERAL INFORMATION

Please indicate by circling (O) the appropriate answer how much you agree or disagree with the following statements

32. I would highly recommend the Jewel Bank to my friends and family

Strongly Agree	Agree	Disagree	Strongly disagree
4	3	2	1

33. I am likely to make positive comments about the Jewel Bank to my friends and relatives

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

34. In the near future, I intend to use more of the services offered by the Jewel Bank

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

35. If the Jewel Bank were to raise the charges for the services it offers, I would still continue to be a customer or employee of the Bank

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

36. If a competing bank were to offer better services, I would switch

Strongly agree	Agree	Disagree	Strongly Disagree
4	3	2	1

37. As long as I live in this area, I do not foresee myself switching to a different Bank

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

38. I am concerned about the well-being and prosperity of this Bank

Strongly agree	Agree	Disagree	Strongly disagree
4	3	2	1

We would like to thank you so much for the time you took in responding to the items in this questionnaire. We hope the findings from the survey will result in improving our services to you in the future.

Thank you very much.

Head Office

60 Union Avenue
P.O. Box 3313
Harare

Telephone: + 263 (4) 758081/4,
+ 263 (4) 748050/79
Fax: + 263 (4) 758077
+ 263 (4) 749722
Telex: 22424/24245 CBZ ZW
e-mail: cbzinfo@africaonline.co.zw

9 April 2001

Mr C. Chipunza
790 Joseph Culverwell Road
Old Windsor
Ruwa

Dear Chrispen

**REF: FORT HARE UNIVERSITY PROJECT ON SERVICE
SATISFACTION AND LOYALTY: A COMPARISON
OF PERCEPTIONS BETWEEN BANK TELLERS AND
CUSTOMERS IN A COMMERCIAL BANK IN ZIMBABWE.**

I am pleased to advise you that the bank has allowed you to carry out the above stated project at the Commercial Bank of Zimbabwe.

I am available to give you guidance and assistance in your data collection phase.

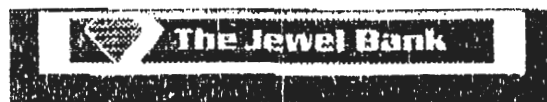
Yours sincerely

Nyaradzo Zvinokona

Nyaradzo Zvinokona
Manager, Research & Development

APPENDIX D

bc



Fax

To: Chrispen Chipunza**From:** Nyaradzo Zvinokona**Fax :** 00-27-6532041**Page:** 1 (including this one)**Tel:** 263-11-214-682**Date:** 5/18/01**Re:** SERVICE QUALITY SURVEY

1. **Number of Clients:** 140 000
2. **Number of Tellers:** 122
3. **Cost of survey to student:** TBA

Regards,

A handwritten signature in black ink, appearing to read "Nyaradzo Zvinokona".

Nyaradzo Zvinokona**Research & Development Manager****nzvinokona@cbz.co.zw**

APPENDIX E

DEMOGRAPHIC PROFILE OF TELLERS

Demographic item	Frequency	Percentage
Sex		
Male	50	50%
Female	50	50%
Totals	100	100%
Age Range		
18-24	50 (Females)	50% (Females)
25-34	50 (Males)	50% (Males)
35-44		
45-54		
55+		
Totals	100	100%
Location		
Urban	86	86%
Rural	14	14%
Semi- urban		
Farming area		
Mining area		
Totals	100	100%
Education		
No formal education	1	1%
Primary school level	2	2%
High school level	41	41%
College level	50	50%
University level	6	6%
Totals	100	100%
Work experience		
0 - 5 yrs	56	56%
6 - 11 yrs	29	29%
11 - 17 yrs		
18 - 24 yrs	13	13%
25+	2	2%
Totals	100	100%
Account held		
Current account	64	64%
Savings account	22	22%
Fixed account	1	1%
Call account	2	2%
Loan account	11	11%
Totals	100	100%
Period with Bank		
Less than 5 yrs	71	71%
5 - 10 yrs	19	19%
11 - 15 yrs	7	7%
16 yrs+	3	3%

APPENDIX F

DEMOGRAPHIC PROFILE OF STAYERS

Demographic item	Frequency	Percentage
Sex		
Male	26	50%
Female	26	50%
Totals	52	100%
Age Range		
18-24	50 (Males & Females)	100%
25-34		
35-44		
45-54		
55+		
Totals	52	100%
Location		
Urban	46	88
Rural	6	12%
Semi-urban Farming area Mining area		
Totals	52	100%
Education		
No formal education	2	2%
Primary school level	3	6%
High school level	21	40%
College level	24	46%
University level	3	6%
Totals	52	100%
Work experience		
0 - 5 yrs	19	37%
6 - 11 yrs	21	40%
11 - 17 yrs	10	19%
18 - 24 yrs	2	4%
25+		
Totals	52	100%
Account held		
Current account	5	10%
Savings account	46	88%
Fixed account	1	2%
Call account Loan account		
Totals	52	100%
Period with Bank		
Less than 5 yrs	28	54%
5 - 10 yrs	23	44%
11 - 15 yrs	1	2%
16 yrs+		
Totals	52	100%

APPENDIX G

DEMOGRAPHIC PROFILE OF SATISFIED SWITCHERS

Demographic item	Frequency	Percentage
Sex		
Male	70	62%
Female	48	38%
Totals	118	100%
Age Range		
18-24		
25-34	48 (Females)	38%
35-44	70 (Males)	62%
45-54		
55+		
Totals	118	100%
Location		
Urban	111	94%
Rural	7	6%
Semi- urban		
Farming area		
Mining area		
Totals	118	100%
Education		
No formal education		
Primary school level	4	3%
High school level	33	28%
College level	63	53%
University level	18	16%
Totals	118	100%
Work experience		
0 - 5 yrs	68	58%
6 - 11 yrs	30	25%
11 - 17 yrs	12	10%
18 - 24 yrs		
25+	8	7%
Totals	118	100%
Account held		
Current account	41	35%
Savings account	74	63%
Fixed account	3	2%
Call account		
Loan account		
Totals	118	100%
Period with Bank		
Less than 5 yrs	91	84%
5 - 10 yrs	19	9%
11 - 15 yrs	7	6%
16 yrs+	1	1%
Totals	118	100%

APPENDIX H

DEMOGRAPHIC PROFILE OF DISSATISFIED SWITCHERS

Demographic item	Frequency	Percentage
Sex		
Male	80	62%
Female	50	38%
Totals	130	100%
Age Range		
18-24		
25-34	50 (Females)	38%
35-44	80 (Males)	62%
45-54		
55+		
Totals	130	100%
Location		
Urban	121	93%
Rural	9	7%
Semi-urban		
Farming area		
Mining area		
Totals	130	100%
Education		
No formal education		
Primary school level	2	2%
High school level	26	20%
College level	76	58%
University level	26	20%
Totals	130	100%
Work experience		
0 - 5 yrs	67	52%
6 - 11 yrs	40	31%
11 - 17 yrs	17	13%
18 - 24 yrs	6	4%
25+		
Totals	130	100%
Account held		
Current account	52	40%
Savings account	76	58%
Fixed account	2	2%
Call account		
Loan account		
Totals	130	100%
Period with Bank		
Less than 5 yrs	106	82%
5 - 10 yrs	17	13%
11 - 15 yrs	6	4%
16 yrs+	1	1%
Totals	130	100%