CHAPTER 7
Findings and Suggestions

The present research has primarily aimed at assessing the applicability of Service profit chain in large and medium sized banks operating in India. The findings that have emerged from the present study are as follows:

7.1 FINDINGS OF THE STUDY

Rs. 81 trillion Indian banking industry is among the top 10 banking industry of the world. With the growth rate that the industry is witnessing at this juncture, the industry would become the fifth largest of the world by 2020. This is perhaps the only industry wherein India is having an edge over its neighbour and counterpart China. With assets worth $ 1,10,000 billion, deposits worth $ 86,000 billion and loans and advances worth $68,000 billion by 2014, Indian banking Industry is a force to reckon with.

The study has revealed that public/nationalised banks are still more preferred employers in comparison to their private counterparts. Factors such as Job security, implementation of revised pay scales, less stressful conditions are instrumental in making government owned banks more preferable for employees.

The study has indicated that employees of the bank feel that their bank hire employees giving due consideration to competency and service inclination. Further, all the banks have been rated as competing for the best people by the employees.

Interestingly, averse to the philosophy of the service sector, none of the bank has been found empowering employees. With the very ordinary mean scores the banks have got, it may be concluded that top brass of the banks feel like keeping decision making power with itself and not delegate the same. Though better than on
empowerment front, banks are no more than average performers on promoting teamwork by effective leadership.

The banks have been found to make some although insufficient efforts to measure internal service quality. Meanwhile, larger banks are found to be doing slightly better than smaller banks in providing supportive technology and equipments to the employees so as to make them work more efficiently. Federal bank has been found extremely vulnerable in creating service oriented internal processes. The other banks are also just average performers on this front.

The public sector/nationalised banks have not been found giving due weightage to measuring and rewarding strong performers. The private sector banks, meanwhile keep rewarding strong performers in their scheme of things. This is the way they think imperative for motivating those who work wholeheartedly.

It is bit disturbing to note that none of the selected banks treat employees’ as internal customers. Customers’ being the business giver to them always remain a key figure to them. However, as per the survey the same treatment is not accorded to the employees. This assertion is justified from the fact that none of the banks include employees’ in their vision while customers’ do find a place in that.

Customers’ survey has revealed that public sector/nationalised banks understudy especially SBI are more reliable than their counterparts. This is how they establish bonding with their customers.

The larger banks viz. SBI and ICICI bank, on account of their large branch and ATM network and their foray into m-banking and e-banking etc. have scored over two smaller banks (Vijaya bank and Federal bank) on service accessibility front.

The public sector/nationalised bank understudy have been found to be having definite and decisive edge over their private counterparts on service security front.
The finding of the study suggests that Indian customers’ still consider government banks more safe and secured.

SBI, ICICI bank and Vijaya bank have been found to be just average performers on service accuracy front. Federal bank, meanwhile, is not found to be even an average performer. The study has revealed that doubt of inaccurate services looms large in the minds of banking customers.

All the banks have been rated as decent performers on competence front with SBI being the leader. The customers have opined that banks’ possess decently knowledgeable and skillful employees.

The customers however have outrightly rejected the banks on promptness front. The survey has revealed that customers’ expectations are far from being met on this front. This is true in case of all the banks.

Though slightly better from promptness front, banks are ordinary performers on timeliness front too. The customers have opined that banks do not adhere to timeliness in letter and spirits.

Private banks understudy have got average rating on creating physical evidence to tangibilise the intangible services. The performance of the nationalised/Public sector banks is below par on this front and is behind private sector banks.

The larger banks understudy have been rated better than smaller banks on customising banking services. The customers have opined that banks do mould their offerings and services as per the customers’ requirements.

Whereas public sector/nationalised banks have been found far from being impressive on this impressiveness front, private sector too are just average performers.
None of the selected banks has been found making genuine efforts to recover over the failed services. The banks have been taken to task by customers’ on this front.

Overall, larger banks (SBI and ICICI bank) have been found enjoying an edge over smaller banks (Vijaya bank and Federal bank) on both internal service quality and external service quality fronts. All the banks have done better on internal service quality front than on external service quality. It has been found that internal service quality has a bearing on external service quality though other factors may also play a role in the same.

7.2 SUGGESTIONS

Keeping in mind the findings of the study, following suggestions may be given to the banking industry of India in general and selected banks in particular:

At the outset, the Indian Banking Industry would have to understand and subsequently practice the concept of service profit chain in letter and spirits. Of late, in lieu of cut-throat competition, Indian Banking Industry has started talking of being customer centric. However, without being employee centric it can never hope to be fully customer centric. Here lies the importance of understanding the concept of service profit chain. It states that to earn profit it is important to have satisfied and loyal customers in the kitty. The satisfaction and loyalty of customers depend upon how well they have been served by the employees. Employees’ service levels to a great extent depends on their satisfaction and motivation level. Their motivation in turn depends upon how well they have been looked after by the organisation. Thus, the success mantra for the banking industry of India is nothing but a deep understanding of the concept of service profit chain and subsequently putting that in practice.

The private banks must strive to be the most preferred employers. Factors such as prolonged working hours, job insecurity, difficult targets, pay imparity (at
lower middle level) are some of the factors which have been found to lower their rating on most preferred employer front. Both the private banks and to a certain extent Vijaya bank too must identify the key issues which are hampering their transformation to the status of most preferred employer. The issues must be resolved in the right earnest once these are identified.

The smaller banks included in the study (Federal bank and Vijaya bank) must start paying greater attention to provide training to the employees for technical and interactive skills. A lack of focus on such techniques may ultimately have a bearing on the satisfaction level of the customers. It must be realised that training must not be considered a cost rather it will always act as a profitable investment in the long run.

All the banks have been found extremely vulnerable in empowering the employees. This is highly unexpected in modern day business environment. In service industry, wherein customers remain in contact with the employees, empowerment of employees becomes imperative. It must be realised that empowered employees in customer service organisations make prompt decisions and resolve majority of the customers’ issues effectively on their own without bothering the top brass. All the banks must start paying serious attention to empower employees. It is especially true in case of employees directly dealing with customers.

All the banks need to do a bit more on promoting teamwork also. This is the way to enhance the enthusiasm of the employees and making customers wait for less duration in the bank premises. This will ultimately culminate into higher satisfaction for both employees as well as customers. Leadership can play a prominent role in this endeavour.

Based on the findings of the study it is apparent that all the banks are lagging a bit on creating a system for and regularly measuring internal service quality. The think tank of the banks must pay an attention on creating better systems to measure
internal service quality and improving on the same if the deficiency is reported by the system. It is an established fact that better internal service quality leads to better external service quality and hence greater satisfaction level of customers. Thus, the need of the hour is to create and get full use of such created internal service quality systems.

The smaller banks understudy (Vijaya bank and Federal bank) needs to give a slight more attention to provide the employees with supportive technology and equipments to perform their jobs more effectively. Their employees on this front have rated these banks as ‘average’. The banks can emulate larger banks (SBI and ICICI bank) with bit more inclination in this direction. Needless to say, bank employers remain handicapped without sufficient technology and equipments in modern times. On the other hand, if these are properly equipped with the same, performing job becomes easier for them and efficiency increases at the same time.

Federal bank has been found extremely wanting on developing service oriented internal processes. The think tank of the bank must strive to create and implement such processes. Lack of emphasis in this regard may hamper the service inclination of the employees and hence may generate customers’ ill will. Other banks also need to do a more bit in this direction.

Both the public sector/ nationalised banks especially Vijaya bank must think on the lines of measuring and rewarding strong performers. This is the way to keep strong performers motivated and transforming mediocre performers into strong performers. Performers need incentives to keep performing. This must be understood in letter and spirits by government owned banks.

All the banks have been found discriminating between employees and customers. As revealed by the employees, most of the schemes of their banks are directed towards final customers and they always remained in scheme of things at their cost. All the banks in general and ICICI bank in particular must start treating employees as internal customers. This is how employees can get their due. It must be
realized that these are the employees who are serving final customers. Dissatisfied employees can never satisfy final customers.

The banks may give serious consideration to include employees in their vision such as inclusion would ensure that banks would be abided to treat them well. Vision keeps on guiding the organisations and may keep the banks guided to respect employees so as to get the best out of them.

The private sector banks under study (Federal Bank and ICICI Bank) need to enhance their reputation on reliability front. The study has proved that both the private banks are failing a bit in creating bonds with customers because of their not so good reputation on reliability front. It must be realised that one industry wherein reliability is critical for survival is banking. The banks especially the private ones must not make tall claims and whatever genuine claims are made, those must be fulfilled. This is how these can become reliable and hence create better bonds with customers.

The smaller banks understudy (Vijaya Bank and Federal Bank) must make themselves more accessible to their customers. There is no denying the fact their smaller size may be a handicap in this regard, yet by making themselves more proactive in the areas in which their concentration is more these can hope to turn the tables. For instance, these can identify the markets in which their concentration is more and by bringing in more branches, ATMs and offering better e-banking channels etc. these can improve their rating on accessibility front.

The selected private sector banks viz. ICICI Bank and Federal Bank need to learn from their public/ nationalized counterparts concerning how to create the image of secure service provider in the eyes of the banking customers. The private sector banks have not been rated as secure service providers by the customers. As banking revolves around money, security is arguably the most sought after dimension of service quality. Ignoring the same may spell doom for the banks. Honest dealings are
what can address security related doubts. The private banks need to take a leaf out of the books of public sector/nationalized banks on this front.

Federal Bank needs to pull up its socks on accuracy front too. It must understand that in this hi-tech world, inaccuracy can never be tolerated by customers. Infact, one of the major reasons of customer churn in service sector is inaccurate services. All the banks especially Federal Bank must bring accuracy in the core philosophy of the bank. This is how ignorance of accuracy may be arrested.

All the banks especially public sector/ nationalized banks have been found extremely wanting on promptness front. This trend needs to be reversed by them. Not reacting promptly to customers’ requests raises a question mark on the service inclination of the banks. With so many choices to opt from, the customers will not mind deserting a non-prompt organisation. The employees must be made to provide prompt services to the customers. In this context, their proper selection, training, motivation and empowerment all play a crucial role.

Some efforts by the selected banks are also warranted on timeliness front. Customers have not given overwhelming response to banks on this front. Banks must make every effort to deliver the service in stipulated period. Not adhering to time may lead to service failure that is nothing short of a dismal performance of the organisation and is the primary cause of customers’ churn.

Public Sector/nationalized banks must not undermine the importance of tangibilising the intangible services through the creation of tangibles. Since banking services can not be seen and touched, it becomes difficult for bank marketers to convince customers. Under such a situation, the banks can give evidence of services through creation of excellent physical settings such as interiors, exteriors, catchy furniture, equipments and so on. The efforts of the public/nationalized banks are warranted on this front.
The smaller banks (Vijaya Bank and Federal Bank) have some scope to improve their rating on offering customized services to their customers. It must be realized that each and every individual is unique and hence has unique set of needs. It is through customized services that such unique needs may be met with greater efficiency. No doubt, it is bit tough to customize most of the banking services yet, with a slight creative and flexible approach it is not impossible either. Once customized, the banking services can have satisfied bunch of customers for them.

The public/nationalized banks must also make endeavours to serve their customers impressively. In the era, when customers have many options of choosing their bank, unimpressive services are highly unwarranted. Gone are the days when banks dictate terms to customers and customers were not having any option but to remain spectator. Impressively serving customers with a smile on face has become the order of the day to retain them. The selected banks especially government owned ones must realize this sooner than later.

The selected banks must also make it a point to recover over the failed services to the liking of their customers. At the outset, every sincere effort must be made to ensure that services do not fail. Yet, peculiar nature of the services makes the services failure prone. The studies have proved that properly recovering over failed services not only pacify the dissatisfied customers but also enhance their satisfaction level. The finding of the study indicates that Indian banks have not yet learnt the art of service recovery. This trend however needs to be reversed. It is by learning and practicing service recovery that Indian banks can become customer centric ones in a real sense.

7.3 Future Research

The present study has made an endeavour to assess the applicability of Service Profit Chain in Indian banking industry. Needless to say, the said concept is equally applicable to other service industries also. The budding researcher may find
it a good option to see the applicability of this concept in other service industries of India.

The research has focused on two public/nationalized and two private sector banks. Other banks, too can be picked by future researcher to see how far these are proficient in using the concept of Service Profit chain to their benefit. It would really be illuminating to know how foreign banks use this concept to their advantage. The comparison of foreign banks operating in India and Indian banks can really be the study to watch out for.

In the resources permit, the budding researchers may eye foreign countries to see if the concept is being favoured in those and what is its status viz-a-viz that in India.

The concept of Service profit chain includes three important concepts viz. Internal Service Quality, External Service quality and profitability. The researchers may also think of focusing on only one of these aspects in detail. This may help them gaining every micro detail of the concept and its applicability.

Thus, there is a lot of scope for budding researchers to work on related themes. They can work on different industries, different geographical locations, and same industry but with different players or an individual aspect of the concept of Service Profit chain.