CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The growth in banking sector in India has been quite prominent in the recent years. A.T. Kearney [25], a global management-consulting firm, recently identified India (see figure 2.1) as the second most attractive retail destination of 30 emergent markets. As the growth story gets unfolded in India, retail banking is going to emerge as a major driver.

![Figure 2.1: World’s developing economies [25]](image)
The world’s developing economies comprise more than one-half of the Index’s top 25 countries, indicating that flows to these regions will accelerate as investment picks up. According to the survey, investors are increasingly turning to the developing world for its large and rapidly growing consumer markets. China remains the top-ranked destination by foreign investors, a title it has held since 2002, followed by India.

Banking in India presents vast opportunities and challenges. Rise of the middle class, improving consumer purchasing power, coupled with more liberal attitudes toward personal debt are contributing to India’s banking segment. The combination of these factors promises growth in the Indian banking sector, which at present is in the nascent stage. Indian banks, the dominant financial intermediaries in India, have made good progress over the last five years, as is evident from several parameters, including annual credit growth, profitability and trend in gross non-performing assets (NPAs). According to ICRA Rating Services [26], while the annual rate of credit growth clocked 23 percent during the last five years, profitability (average Return on Net Worth) was maintained at around 15 percent during the same period, and gross NPAs fell from 3.3 percent as on March 31, 2006 to 2.3 percent as on March 31, 2011. Currently, Indian banks are facing several challenges, such as increase in interest rates on saving deposits, possible deregulation of interest rates on saving deposits, a tighter monetary policy, a large government deficit, restructured loan accounts, increasing infrastructure loans and implementation of Basel III.

All these challenges can be addressed if bank management and employees are able to create an environment conducive to attract more and more clients to the banks. This can be possible if all the three variables of this study namely, client satisfaction, employee satisfaction and work culture in banks are taken into consideration. This chapter illustrates the research work done so far globally with reference to these three variables and their inter-relationship.

2.2 CLIENT SATISFACTION

2.2.1 An Overview

Prabhakaran [27] mentioned in his study that the customer is the king. Customers are the lifeblood of any organization, be it private sector business or public sector government, because
consumer satisfaction is the key to continued organizational survival [28]. Satisfaction is equally important in relation to organizations that deliver services rather than goods due to the specific features characterizing a service; namely, intangibility; inseparability; and heterogeneity [29].

Consumer satisfaction in services is quite distinct from consumer satisfaction in manufacturing [30]. The most obvious characteristic of services is that they are intangible – they cannot be seen or touched. This poses great problems to service organizations in communicating to the consumer exactly what is on offer [31]. In simple terms, a consumer cannot really evaluate a service until it has been consumed. A second particularity of services is that, frequently, the service consumer cannot be separated from the service provider. Lastly, services are different each time they are performed. According to Redman and Mathews [31], “This is mainly because each party to the service encounter – the service provider and the customer – is liable to introduce variation to the service either by providing a service that deviates from the norm, or by failing to articulate needs.” As a result, Siehl and Bowen [32] also commented that the “service organization is in need of mechanisms by which it can reduce this input of uncertainty and acquire the information necessary for effective service production and delivery” which ultimately will lead to customer satisfaction.

Definitions of customer satisfaction have been widely discussed from the view of many researchers and organizations that increasingly desire to measure it. A group of researchers of the Center for the Study of Social Policy [33] conceptualized that satisfaction is based on the customer’s experience of both contact with the organization and personal outcomes. These researchers defined satisfaction as a “highly personal assessment” that is greatly influenced by “individual expectations.” This definition views “individual” element as a powerful force to create satisfaction. Likewise, Brady and Robertson [34] conceptualize customer satisfaction as an individual’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance in relation to his or her expectations [35]. Gustafsson [36] defined customer satisfaction as a customer’s overall evaluation of the performance of an offering to date. This overall satisfaction has a strong positive effect on customer loyalty intentions across a wide range of product and service categories. Yi and La [37] classify satisfaction into two general conceptualizations: transaction-specific satisfaction and cumulative satisfaction. Transaction-specific satisfaction is a customer’s evaluation of his or her experience and reactions.
to a particular service encounter [38] [39]. Cumulative satisfaction refers to the customer’s overall evaluation of the consumption experience to date [40].

The former Finance Minister of India, Mr. Pranab Mukherjee [5] commented while addressing an inaugural function at the State Bank of India Academy at Gurgaon (Haryana) to mark the golden jubilee celebrations of Hyderabad-based SBI Staff College, “Good customer service is the heart of banking service delivery. Banking is predominantly a customer-oriented business and good customer service is the key to banks' growth and stability.” Customer satisfaction has been considered as an important constituent of a successful and prosperous organization. It has been related with higher profit margins and greater employee satisfaction, customer retention and repeat purchases [41] [42] [43] [44]. Competitors within similar industries with the same types of technology, pricing strategies etc., look increasingly to customer satisfaction to create a competitive advantage [45]. It is essential that an organization understands and values the satisfaction of customers’ needs. It is probably one of the most difficult tasks to execute, yet it is vital to the existence of any organization. Furthermore, it is important to understand, and measure how satisfied customers are with products and services they receive from the organization.

The banking industry is facing a market that is rapidly changing; new technologies are being introduced, there is fear of economic uncertainties, fierce competition, more demanding customers and the changing climate have presented an unparalleled set of challenges [46]. Another challenge for banks is to lower costs, increase efficiency and increase customer satisfaction. Satisfaction has a significant impact on customer loyalty [47] and, as a direct antecedent, leads to commitment in business relationships [48], thus greatly influencing customer repurchase intention [49]. Several studies have emphasized the significance of customer retention in the banking industry [50] [51] [52] [53]. Customer loyalty might even be called a “strategic mandate” in today’s banking industry [54]. Clearly, there are compelling arguments for bank management to carefully consider the factors that might increase customer retention rates. The cost of retaining existing customers by ensuring their satisfaction is significantly lower than the cost of acquiring new customers. Studies have shown that a 5 percent increase in customer retention could increase a bank’s profitability by an average of 50 percent. On the contrary, attrition of a bank’s most profitable customers is extremely damaging, since the
“80/20” rule [55] (20 percent of the customers in banks are responsible for 80 percent of complaints/ investment/ success of bank etc.) is perhaps the most evident in financial services [49]. Ndubisi [56], Gee et al. [57] and Pfeifer [58] pointed out that the cost of serving a loyal customer is five or six times less than a new customer. Several researchers including Tariq and Moussaoui, [59] Han et al., [60] and Ehigie [61] found that loyalty is a direct result of customer satisfaction.

Since customers normally perform business with multiple banks, it is crucial that a firm competes for a customer’s share of wallet to gain a share of a customer’s product portfolio in order to enhance and maintain the bank’s long-term profitability. Accordingly, managers in the banking industry are striving to move their organizational culture toward a customer-centric organization where the emphasis will be on “listening” to the customer’s needs and seeking key drivers of customer satisfaction. The banks that will grow and prosper in this competitive environment are the ones that succeed in building a base of loyal customers and are able to differentiate themselves via superior service quality [49]. Jamel and Kamal [19] have reported that the customer satisfaction can lead to customer retention and therefore to profitability for a bank. For instance, satisfied customers tend to be less price sensitive, more willing to buy additional products, and less influenced by competitors [62].

Thus, the significance of customer satisfaction in banking industry cannot be overstated. With Indian markets opening up to foreign competition, customers are becoming more demanding and with foreign institutional investors on the watch, the Indian banking industry will have to improve its customer satisfaction and performance in the coming years so that the NPA, as mentioned by A.T. Kearney, should not fall in the years to come.

2.2.2 Client Satisfaction: Dimensions and Various Studies

A review of the existing literature indicates that there can be potentially many antecedents of customer satisfaction, as the dimensions underlying satisfaction judgments are global rather than specific [65]. Customer-preferred dimensions identified by Manrai and Manrai [66] are, in order of importance:
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1. personnel-related considerations (attitudes and behavior of tellers and other staff, procedures for handling complaints, appearance of staff);
2. financial considerations (interest earnings, interest payments);
3. branch environment-related considerations (atmospherics); and
4. convenience-related considerations (ATMs, opening hours).

Chakrabarty [67] identified four factors that determined overall customer satisfaction amongst more than 12,000 UK retail banking customers. In order of importance, these are:

1. in-branch satisfaction (speed of service, staff helpfulness, privacy, opening hours);
2. economic satisfaction (level of bank fees, overdraft interest rates);
3. remote satisfaction (responsiveness and efficiency in dealing with remote enquiries); and
4. ATM satisfaction (ATM availability, ATM reliability)

Molina et al. [68] posited that customer satisfaction is a construct with both cognitive and affective dimensions. The cognitive dimension was investigated using the confirmation/disconfirmation (C/D) paradigm. The starting point of the C/D paradigm is a comparison of the customer’s actual experience in using a product or service with his/her expectations before purchase [69]. Homburg et al. [70] noted that the effect experienced during purchase and consumption of the product or service had a substantial influence on the assessment of customer satisfaction. Each service encounter causes the customer to make an assessment and generates an accompanying emotional reaction [68]. Aside from the cognitive and affective dimensions, Anselmsson and Henard [71] [72] concluded that customer satisfaction had other determinants. For example, expectations, disconfirmation, performance, desires, affect and equity were also identified as determinants of customer satisfaction. According to Lewis and Soureli [73], customer satisfaction can also be attributed to extrinsic factors such as satisfaction with the frontline employees, the core service, or the organization in general. According to Chakravarty [74], attention has also turned to improving the quality of service encounter, when customers enter the bank and come into face-to-face contact with bank staff.

The foundations of service quality may be viewed from widely accepted perspectives of the SERVQUAL model. SERVQUAL [75] offers five dimensions of service quality to be evaluated in any service setting; reliability, responsiveness, assurance, empathy and tangibles and it has
been widely used in practice in its original and modified form [76]. Zeithaml et al. [77] found that service quality is the outcome of all the SERVQUAL dimensions while Angur et al [78] found that all the dimensions are not equally important in explaining variance in overall service quality. Their result indicated that responsiveness and reliability seem to be the most important dimensions followed by empathy and tangible dimensions; whereas, assurance appears to be the least important dimension. According to Zaim et al. [79], tangibility, reliability and empathy are important factors for customer satisfaction, whereas responsiveness and assurance are important factors found by Mengi [80]. Kumar et al. [81] and Lai [82] found that assurance, empathy and tangibles are the important factors, and on the other hand, Baumann et al.[83] found that tangibles are not related to customer satisfaction and according to Ahmed et al.[84] empathy is negatively related to customer satisfaction. Arasli et al [85] pointed out that reliability dimension has the highest impact on customer satisfaction in Greek Cypriot banking industry, whereas reliability is not related to customer satisfaction, as stated by Chaniotakis and Lymperopoulos [86].

Cronin and Taylor [87] developed SERVPERF model, claiming that customers’ attitudes to a specific service depend initially on the level of their expectations. After they have made use of the said service for the first time, however, their modified attitude depends on both their prior expectations and the level of satisfaction they experience, which may be congruent or incongruent with their expectations. Such attitude transformations pertaining to quality tend to differentiate their intentions for future repeat purchases of the said service. Cronin and Taylor [87] also argue that customers do not always buy the products with the highest quality. Non-quality elements like convenience, price and product accessibility may modify their level of satisfaction and their buying pattern.

According to Zeithaml and Bitner [88], customer satisfaction is influenced by not only perceptions of service quality but also by perceptions of product quality, and pricing factors as well as situational and personal factors. The same idea is reinforced by Manrai & Manrai, [66] who suggest that customer dissatisfaction is still the major reason of bank customers’ switch to other banks for a variety of reasons (access, services, products, prices, image, personnel skills, treatment, credibility, responsiveness, waiting time, location and technology etc.)
Most of the researchers found that service quality is the antecedent of customer satisfaction [89] [90] [91] [92] [93] [94]. As stated by Richardson & Robinson, each year nearly 40 percent of bank accounts are closed because of poor service, 13 percent terminate their accounts because of a rude or unhelpful employee, 11 percent maintain that the financial institution was cool and impersonal and 16 percent close accounts because of poor service in general. A bank can differentiate itself from its competitors by providing high quality service. Service quality is one of the most attractive areas for researchers over the last decade in the retail banking sector [78] [95] [96] [97] [98] [99] [100] [101] [102]. Thus, quality customer service and satisfaction are recognized as the most important factors for bank customer acquisition and retention [16] [19] [98] [103] [104]. Service quality is found to have an impact on loyalty via customer satisfaction [104]. Beerli et al. [8] established that satisfaction and perceived switching are antecedents of customer loyalty. Veloutsou et al. [105] also examined satisfaction, perceived quality, and image as antecedents. They found a clear indication that the drivers of bank loyalty may vary from one bank to another. Pont and McQuilken [106] investigated the relationship between customer satisfaction and loyalty intentions for two distinct customer segments – retired people and university students – and concluded that the results indicate no significant difference in the satisfaction levels of either group. Lewis and Soureli [107] identified a strong relationship between satisfaction and loyalty. Additional drivers for loyalty seem to be value and corporate image. Liu and Wu [108] examined the effects of location convenience, one-stop shopping convenience, firm’s reputation, firm’s expertise and direct mailings on both customer retention and cross-buying. They found that customer satisfaction has a significantly larger effect on customer retention than on cross-buying.

Bahia and Nantel [98] developed a new measurement scale called Bank Service Quality (BSQ) for perceived service quality in Retail Banking. BSQ comprises 31 items classified across six dimensions as: effectiveness and assurance, access, price, tangibles, range of services offered, accuracy and reliability. They proved that the dimensions of BSQ are more reliable than the dimensions of SERVQUAL. Glaveli et al. [109] stated that BSQ is more reliable than SERVQUAL. A study conducted by Siddiqi [110] identified the core elements of BSQ and identified seven attributes in assessing BSQ. They are as follows: bank atmosphere, relationship with the bank employees, rates and charges, available and convenient services, convenient and easily accessible ATMs - it indicates the availability of the automatic teller machines,
reliability/honesty - it emphasises on the solid bank ratings and reliable, honest staff and tellers - enough and accessible tellers.

According to the study done by Koushiki Choudhury [111], customers distinguish four dimensions of service quality in the case of banking industry in India and these factors are attitude, competence, tangibles and convenience. The study has drawn upon the findings of the service quality dimensions to contend the initiatives that bank managers can take to enhance their employees' skills and attitudes and instill a customer-service culture.

Sudesh [112] revealed in his study that poor service quality in public sector banks is mainly because of deficiency in tangibility, lack of responsiveness and empathy. Private sector banks, on the other hand, were found to be more reformed in this regards. Above all, the foreign banks were relatively close to the expectations of their customers with regard to various dimensions of service quality. Joshua and Koshi [113] in their study on ‘Expectation and perception of service quality in old and new generation banks’, observed that the performance of the new generation banks across all the service quality dimensions are better than those of old generation banks.

Sandip Gosh Hasra and BL Srivastava [114] in their study pointed out that the bank should pay more attention to dimension of assurance-empathy to increase loyalty to a company, willingness to pay, customer commitment and customer trust. Hallowell [115] looked into the relationship between customer satisfaction and loyalty and his conclusions were quite analogous to Parasuraman et al. [75]. The study concluded that satisfaction with the service and satisfaction with price were elements in the overall satisfaction measurement. The measurements used in the above mentioned study were reasonably all-inclusive, and finally concluded that all the elements measured had a bearing on overall satisfaction. The findings of the study emphasized that the service features of branch, staff and information to be dominant factors.

Johnston [116] promoted the notion that banks in general were to all intents and purposes, ‘barking up the wrong tree’ by enhancing service quality and these efforts in turn had little or no effect on improving customer satisfaction. The study [116] suggested that satisfaction or dissatisfaction with retail banking did not arise from the same factors. To be more precise, some elements of service quality, if improved, enhance the satisfaction levels of the customers, while on the other hand, other elements may not improve satisfaction but simply function to keep
dissatisfaction at bay or at best, reduce dissatisfaction alone. This line of accepted wisdom stems from the hygiene factors of Herzberg’s motivation theory.

Researchers have studied customer satisfaction in different contexts. Grigoroudis et al. [117], considered the problem of measuring user satisfaction in order to analyze user perceptions and preferences to assess website quality. Hsu [118] proposed an index for online customer satisfaction, which is adapted from an American customer satisfaction Index (ACSI). Bodet [119] explored the satisfaction–loyalty relationships according to an empirical analysis in a sports-service context. Yang and Peng [120] developed a novel customer satisfaction evaluation model for construction project management services that was developed using a questionnaire based survey and statistical analysis. Deng [121] presented a Fuzzy Neural based Importance-Performance Analysis (FN-IPA) which integrates fuzzy set theory, back-propagation neural network and three-factor theory to effectively and adequately assist practitioners in identifying critical service attributes for customer satisfaction. Lindenmeier and Tscheulin [122] examined on the extent to which seat inventory control and denied boarding influence customer satisfaction. The effects of these core components of revenue management were analyzed within dummy regression models and ANOVA in the case of capacity-based airline revenue management.

Athanassopoulos [123] performed a complete survey on customer satisfaction in retail banking services in Greece. The study proposed an instrument of customer satisfaction that contains service quality and other attributes. Manrai and Manrai [66] developed and tested some hypotheses regarding the relationship between customer satisfaction and bank service switching behavior as it is mediated by the importance of a particular bank service to a particular customer and by the nature of competitive offerings for different types of banking services available from other banks. Gil et al.[124], in their research, exhibited that services encountered directly and significantly affect perceived service value which is the final antecedent to customer satisfaction in banking industry. Sweeney and Swait [125] investigated the important role of brand of banks in managing the churn of current customers and improving their satisfaction. Molina et al. [68] defined the relationship between relational benefits and satisfaction. They discovered that customer satisfaction depends on service policy satisfaction, on accessibility, and on frontline employee satisfaction.
Mohamed Zairi [126] developed a figure that shows that in order to have a continuous improvement of customer satisfaction there should be a cycle which starts with listening to voice of customers then analyzing their comments, developing actions and at the end implementing them. Figure 2.2 illustrates this cycle.

![Diagram of Continuous Improvement in Customer Satisfaction](image)

Figure 2.2: Continuous improvement in Customer Satisfaction [126]

### 2.3 WORK CULTURE

#### 2.3.1 Concept and Evolution

Since the last quarter of the previous century, the survival of business organizations is being constantly threatened by a host of indomitable factors. Customers’ high expectations, escalating environmental pressures and ever increasing competitive atmosphere are a few of many challenges that business organizations are facing today. In such intimidating contexts, work culture, in any organization, assumes great importance as a pivot (a central theme) for attaining competitive advantage. Work culture is assumed to play a decisive role in the development of a unique corporate identity which in turn provides organizations with the opportunity to leverage it to achieve strategic leadership. Work culture has a strong bearing on the character and persona of an organization.
In the 1980's, the concept of work culture became popular with the publication of the best selling book “In Search of Excellence” by Peters and Waterman [127]. These two journalists looked at successful companies to see what they had in common and found that each successful company had the ability to "create a strong and unifying culture with a shared vision." The term corporate culture, work culture, organization culture (the terms are used interchangeably) became a buzzword, and the definition most often adopted was that developed by William Ouchi [128], namely, "how things are done around here." Besides providing a simplified definition of culture, Ouchi explored Japan’s growing economic success and attributed much of Japan’s economic supremacy to very strong work culture among its large companies.

Harrison and Stroke [129] believe that “culture is to an organization what personality is to an individual. It is that distinctive constellation of beliefs, values, work styles and relationships that distinguish one organization from another”. Edgar Schein [130], a noted MIT Professor of Management, researcher and author in the area of organizational culture defines culture as “a pattern of shared basic assumptions, invented or developed by a given group as it learns to cope with the problems of external adaptation and integration, that has worked well enough to be considered valid and therefore is taught to new members of the group as the correct way to perceive, think and feel in relation to those problems.” Schein has divided organizational culture into three levels:

1. Artifacts: These "artifacts" are at the surface, those tangible aspects which can easily be discerned, yet are hard to understand;

2. Espoused Values: Beneath artifacts are "espoused values" which are conscious strategies, goals and philosophies

3. Basic Assumptions and Values: The core or essence of culture is represented by the basic underlying assumptions and values, which are difficult to discern because they exist at a largely unconscious level. Yet they provide the key to understanding why things happen the way they do. These basic assumptions form around deeper dimensions of human existence such as the nature of humans, human relationships, activity, reality and truth.
According to Haines [131], each individual has his/her beliefs that translate into personal values which, expressed collectively, shape an organization’s culture. Mohe [132] is of the opinion that work culture plays an important role in every individual firm as, self-evidently, each firm has its own work culture. Agrawal and Tyagi [133] are also of the same opinion that managers and leaders must understand organizational culture because it influences the way their organizations react to the changing demands of the business environment.

Out of the many definitions suggested for work culture, it is possible to draw some common key elements. Mainly, there is a common thread that work culture is a shared phenomenon. This element rests on the idea that work culture is a learned outcome of experiences within a definable group. Another common element is that most researchers propose that work culture has two or more levels: tangible levels and deeper, intangible levels. The tangible levels relate to behavior patterns, the written and spoken language, and the physical and social environment. The deeper, intangible levels encompass the group’s values, goals, concerns or basic assumptions.

According to Kopelman et al. [134], organizational members are active perceivers and interpreters of their work environments, and employees tend to form their perceptions by observing how the daily operations of the organization are conducted and what goals the organization appears to be pursuing. Schneider and White et al. [135] noted that the organization transmits this information to employees through its policies, practices, and procedures (e.g., human resources policies, marketing practices, operations management procedures), which
collectively send messages about what is important—what behaviors the organization rewards, supports and expects. Based on these behaviors and activities, employees develop a summary sense of—what is important around here, which represents work culture. It represents the patterns or themes that employees perceive in what they experience; it is one way to conceptualize the totality of the experiences organizational members have of their workplace [135]. It can be viewed as subjective, temporal and potentially subject to managerial manipulations [136].

The people learn most of the behaviors and beliefs from the people they grow up with. Although each individual has unique talents and personal preferences, the behaviors and beliefs of the people in the same organizations show common properties. This helps the organizations to create their own cultural properties. Since the members in the organizations work together to become a team, the created culture will enable the organization members to understand each other easily and work effectively. For Schein [130] the organizational culture helps the organization to solve its problems of external adaptation and internal integration by creating a shared pattern. As the new members come into the organization, they deal with these problems in this shared pattern. A group of people come together to perform a job, they need a set of rules to act in common manner and they need to know how to act in various circumstances. Knowing - how the other members of the organization act in the same circumstances-, gathers the organization members under the same umbrella. Organizational culture is also taken into consideration in the decision making process of long-term plans for strategic planning. O'Cass and Ngo [137] state that market-oriented behaviors are driven by the organizational culture that manifests itself in specific behaviors. Managers and leaders must understand organizational culture because it influences the way their organizations react to the changing demands of the business environment [133]. That is why the strategic planners place much emphasis on the strong role of work culture. This helps the organizations to have competitive advantages and nourishes the organizational health.

Organizational culture has been characterized as the “glue that holds organization together” [138] and according to Gerstner [139], it isn’t just one aspect of the game, it is the game. On a more micro level, researchers have found significant relationships between the “fit” of employees and the prevailing organizational culture and a number of important outcomes such as job commitment and turnover [140]. Work culture is an incredibly powerful force that
determines how the employees see and treat problems, opportunities and all the people that the organization comes in contact with: vendors, subcontractors, and, most importantly, clients! Culture is like mood — but the mood of the company can be upbeat or depressing, respectful or belligerent, empowering or stifling — with many shades in between

2.3.2 Work Culture: Dimensions and Various Studies

Four basic dimensions or conceptual domains appear to be common in most questionnaires. First, a “people orientation” reflecting perceived support, cooperation, mutual respect and consideration between organizational members is prevalent. This orientation refers, for instance, to the group culture quadrant of the Competing Values Model [141]. Second, the dimension of "innovation", indicating general openness to change and propensity to experiment and take risks is also apparent. In Reynold's [142] instrument, risk and innovation are opposed to safety and stability. Third, "control" is another significant component. It focuses on the level of work formalization, the existence of rules and procedures and the importance of the hierarchy. This construct is similar in tone to the “bureaucratic” dimension prevalent in some instruments (e.g. in the Organizational culture Index, the Competing Values Model and Reynolds' instrument). Finally, “results/outcome orientation” is another core dimension that measures the level of productivity or performance expected inside an organization.

According to Ginevičius & Vaitkūnaitė [143], the multidimensional nature of organizational culture should be investigated in terms of involvement, collaboration, transmission of information, learning, care about clients, strategic direction, reward and incentive system, system of control, communication, coordination and integration. Pryce [144] reported on the profile of organization culture in hotels. She identified 28 dimensions of organization culture and suggested that the OC of hotels overall could be described as one placing greatest emphasis on importance of job, rituals, customer orientation, training, role ambiguity, values, team spirit and being a valued member.

Pareek [145] defines the concept of ethos as the underlying spirit of character or group and is the root of culture. He defines organizational ethos as eight dimensions relevant to institution-building. These eight cultural dimensions are also called as OCTAPACE. In addition to being an acronym for the eight dimensions, OCTAPACE symbolizes ‘octa’ or eight and ‘pace’ or steps to
create functional ethos. The eight dimensions of OCTAPACE culture are: Openness, Confrontation, Trust, Authenticity, Proaction, Autonomy, Collaboration and Experimentation. Building a culture that is ingrained in the OCTAPACE values will help in creating an organization that is agile, responsive, and alive to changes.

Mehn Hee Yoon [146] suggested several managerial implications on the basis of his empirical findings. He stated that the employee perception of work culture not only influences organizational variables such as work effort and job satisfaction, but also affects service evaluation by customers. He concludes that it is necessary to explicitly design and establish various organizational policies such as employee empowerment, detailed service codes, service performance reward/award and employee education/training, in order to develop a system that will facilitate service-oriented environment and supportive management.

Jafari and Rezaei [147] in their research to define the dimensions and components of effective organizational culture extracted 9 dimensions and 42 components as its constituents. A model was designed that included five basic elements of philosophy and aims, theoretical basics, conceptual framework (scientific culture, innovation/entrepreneurship culture, quality-oriented culture, knowledge-oriented culture, programming culture, answering culture, collaboration/contribution culture, life-time learning culture and networking culture), executive stages and assessment, engineering. Gillespie and Consulting [148] emphasize in their study that organizational culture relates significantly and positively to employee and customer satisfaction. By extension, diagnosing and changing an organization’s culture may thus be a viable way to improve employee and customer satisfaction.

2.4 EMPLOYEE SATISFACTION

2.4.1 Introduction and Importance

Employee satisfaction (employee satisfaction and job satisfaction used interchangeably) is one criterion for establishing the health of an organization. Rendering effective services largely depends on the human source [149] and satisfied employees will affect the quality of service they provide. Employee satisfaction is considered to be a critical success factor for organizations. In this highly competitive world, success of any organization depends on its human resource.
Banks are no exception to this. A satisfied, happy and hard working employee is the biggest asset for any organization, including banks. Workforce of any bank is responsible to a large extent for its productivity and profitability. Efficient human resource management and maintaining higher job satisfaction level in banks determine not only the performance of the bank but also affect the growth and performance of the entire economy [150]. So, for the success of banking, it is very important to manage human resource effectively and to find whether its employees are satisfied or not. Only if they are satisfied, they will work with commitment and project a positive image of the organization.

There are a large number of studies that analyze employee satisfaction from many different perspectives and its relationship with various organizational variables [151]. However there is no universal definition for it that exposes all these dimensions at the same time [152]. Most of the definitions emphasize the importance of employees’ job-related perceptions that link their expectations and what they receive in return. Some researchers focus on the overall job satisfaction or even life satisfaction of employees [153]. According to Statt [154], job satisfaction can be defined as the extent to which a worker is content with the rewards he or she gets out of his or her job, particularly in terms of intrinsic motivation.

Armstrong [155] states that the term job satisfaction refers to the attitude and feelings people have about their work. Positive and favorable attitude towards the job indicate job satisfaction. Negative and unfavorable attitude towards the job indicate job dissatisfaction. According to George et al.[156], employee satisfaction is the collection of feelings and beliefs that people have about their current job. In addition to having attitude about their jobs as a whole, people also can have attitude about various aspects of their jobs such as the kind of work they do, their coworkers, supervisors or subordinates and their pay. According to Moyes, Shao, & Newsome [157], employee satisfaction may be defined as; how pleased an employee is with his or her position of employment. Employee satisfaction, according to Cranny, Smith, & Stone [158], has been defined as the combination of affective reactions to the differential perceptions of what he/she wants to receive as compared with what he/she actually receives.

The concept of employee satisfaction has gained a special concern from both academicians and practitioners [159]. The relationship between “appropriate” HRM practices and positive
employee attitudes including employee satisfaction, loyalty and productivity have been widely analyzed [160]. It is also suggested that treating employees as a valuable asset improves their commitment and loyalty which leads to higher performance and quality [161]. To investigate what the employees are satisfied by and measuring employee satisfaction in the workplace is critical to the success and increases the profitability of the organization for having competitive advantage [162]. Employee satisfaction is an employee’s sense of achievement and success on the job. It is generally perceived to be directly linked to productivity as well as to personal well-being. Employee satisfaction implies doing a job one enjoys, doing it well and being rewarded for one’s efforts. It further implies enthusiasm and happiness with one’s work. Employee satisfaction is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment [163].

The notion of employee satisfaction is important because of its effect on employees' performance and behavior, as well as general health [164]. Prior studies have shown that employee satisfaction is related to job performance, workplace turnover and life satisfaction [165] [166] [167] [168]. Schneider [169] notes, "Satisfaction is an important human outcome of organization life". Therefore, the organizations should try to supply the employee expectations in order to approach the employee satisfaction. In addition, emotional state of the employees may also affect their satisfaction. This forces the managers to create and sustain the desired working environments in the organizations. On the other hand, employee satisfaction is one of the basics of organizational citizenship behavior [170]. That is, the well-satisfied employees will work more willingly and this contributes to the effectiveness of their organizations.

If employees are not treated well, one can be fairly certain that the message will get through to customers, which is invariably very costly to the organization. Employees are more loyal and productive when they are satisfied [171], and these satisfied employees affect the customer satisfaction and organizational productivity [172]. Dissatisfied employees will take more time off due to sickness (thereby raising the burden of work on their colleagues), show less enthusiasm for their company’s products and services, and can even show their displeasure publicly. When an organization cares for its employees, it definitely gets their support in reward. Organizational investment in employees’ well being results in the higher satisfaction in employees. Taylor [173] suggested that job satisfaction is directly related to company’s investment in employee’s well
being. Job satisfaction has been linked to a number of organizational outcomes such as job performance [174], customer satisfaction [175], turnover intention [176], and organizational commitment [177]. It is argued that when employees are dissatisfied with their jobs, they are more likely to perform poorly [167] [178] and be less committed [176] [179] [180].

2.4.2 Employee Satisfaction: Dimensions and Various Studies

Kayis et. al [181] shortlisted 11 dimensions which are used to measure employee satisfaction and they are: (1) social cohesiveness (2) pay levels (3) job security (4) decision making (5) promotion opportunities (6) training and development (7) teamwork and cooperation (8) autonomy (9) external customers (10) overall job satisfaction (11) overall satisfaction with the current organization.

Locke [182] explains that for researchers to understand the job attitudes, they need to understand job dimensions, which are complex and interrelated in nature. He mentioned the common dimensions of employee satisfaction as “work, pay, promotions, recognition, benefits, working conditions, supervision, coworkers, company and management.” Kerego and Mthupha [183], on the other hand, viewed working conditions like, clear staffing policy, clear channels of communication, staff participation in decision making, security and good governance as having effects on employee satisfaction.

Dawson in his study [184] identified employee-management relationship and training opportunities as key constituents of the employee satisfaction in an organization. Downs and Ticehurst [185] identified personal feedback and relationships with supervisors to be predictor variables for employee satisfaction. The IOR, Index of Organizational Reactions, contains 42 items which measure eight aspects of job satisfaction [186]. These are: (1) leadership and direction; (2) work appeal; (3) work demands; (4) teamwork; (5) physical surroundings; (6) financial rewards; (7) career future and security; and (8) organizational commitment.

According to Mihajlovic [187], 13 elements can be dissociated to measure the constructs of employee satisfaction in many famous companies. These elements are as follows: salary and benefits, the nature of work and pressure, career development, education and training, management style from immediate managers, safety and environmental protection, performance
evaluation systems, in-firm promotion channels, disciplined management, the overall working environment, department environment, support from the firm with regard to personal well-being and family life and personal relationships with colleagues.

According to D L Butler [188], the management style must evolve in order to stay in line with today’s rapidly changing market - one characterized by creativity and flexibility. Contrary to managerial beliefs, it has been established that employees enjoy assuming responsibilities when supported by a nurturing organizational culture. Tyler [189] cites the employee-boss relationship as the primary contributor to employee satisfaction. A poor employee-boss relationship results in increased absenteeism, stress and reduced performance. Hence, focusing on improving employee-boss relationships will augment employee satisfaction. Tyler also cites the importance of the management team’s interpersonal abilities – while only one out of five employees were satisfied with how management related with them, amongst 21 percent of employees that stated that they were happy with management, two out of three employees expressed interest in spending their entire career with that company.

According to corporate-identity experts [190] employee identification and participation are important because employees represent the corporate identity and affect external stakeholder perceptions; moreover, employees are a sustainable source of competitive advantage. The more strongly employees identify with the organization, the more stable and consistent the identity becomes, and the more employees are likely to further uphold that identity in their actions. According to Tyson [191], feedback is most useful when specific in nature rather than general or vague, direct rather than oblique or half-hearted, descriptive rather than evaluative or interpretive, immediate rather than delayed, and declarative rather than hostile or punitive, and when offered with concern and attention.

Wood et al. [192] acknowledged employee satisfaction factors as relating to the work itself, quality of supervision, relationships with coworkers, promotional opportunities and pay. Similarly, Robbins [193] notes factors affecting employee satisfaction include "interaction with coworkers and bosses, following organizational rules and policies, meeting performance standards, living with working conditions". In addition to this, the Minnesota Satisfaction Questionnaire [194] identified various aspects of job satisfaction like working conditions,
chances for advancement, freedom to use one's own judgment, praise for doing a good job and feelings of accomplishment. This supports Locke’s [182] findings which showed factors conducive to job satisfaction are: mentally challenging work, equitable rewards, supportive working conditions and supportive colleagues.

According to Zeithalm and Bitner [87], “there is concrete evidence that satisfied employees make for satisfied customers.” In service-based industries, HR issues including employee satisfaction are antecedents of customer-oriented behavior [195]. Zeithalm et al.[196] argued that employees who are not satisfied with their jobs will not deliver quality services. In fact, employee satisfaction is well established as an antecedent of customer-oriented behavior.

2.5 WORK CULTURE AND EMPLOYEE SATISFACTION

Extensive research proved that employee satisfaction does not happen in isolation, as it depends on organizational variables such as structure, size, pay, working conditions and leadership, which constitute work culture [197]. Work culture can be promoted to facilitate the achievement of employee satisfaction and organizational goals. The measurement of work culture can serve as a starting point in diagnosing and influencing such change in the organization.

According to Singh [198], findings related to work culture and employee satisfaction reveal that there is a significant difference between high and low work culture groups which are related to their satisfaction with management. The possible explanation behind the obtained results is that, high obligation towards others produced a sense of responsibility within individuals which made them more satisfied in comparison to low scorers on this dimension. There are a number of studies which indicate that there is a positive correlation between sense of duty and job and life satisfaction because the sense of liability serves two purposes at the same time. On one hand, it satisfies the need of affiliation and on the other, it gives an aptitude for team work [151] [199] [200] [201]. Almost similar findings have been reported by Tzeng et al. [202], who point out that the strength of a work culture predicts more job satisfaction. This notion is also supported by a very recent study on nurses conducted by Sikorska-Simmons [203] which indicates a positive correlation between positive or favorable work culture and employee satisfaction.
Results of the study done by Dirani [204] also showed that employees were committed to a model where leaders supported and used learning strategically for business results. Also, employees were more committed when they were involved in setting, owning, and implementing the vision of their bank with their management. They wanted to carry a part of the responsibility of decision-making and thus they were motivated to learn toward what they were held accountable to do. A study done by Marsick’s [205] also showed that sharing, participating and collaborating among employees at different levels proved critical for learning to occur at the organizational level. This in turn resulted in higher commitment and satisfaction among employees. Schneider and Reichers [206] conducted research on the relationship among organizational culture and employee satisfaction, production and turnover indexes amongst five financial institutions. The findings of their study revealed that work culture and satisfaction measures correlate for people in certain positions and not for others. A relationship between satisfaction and production was not found, while satisfaction correlated with turnover.

Kline and Boyd [207] conducted a study to determine the relationship between organizational structure, context and culture with job satisfaction amongst three levels of management. Their study revealed that employees at different levels of the organizations are affected by different work factors. Kemp and D'wyer [208] applied the cultural web model to the Regent Hotel in Sydney to explore the use of culture in improving organizational performance. They concluded that cultural approach adopted by the Regent Hotel had a positive impact on fostering belief in and commitment to the hotel's values. Schneider and Bowen [169] examined the relationship between a service-oriented culture and service quality perceptions of the customers and concluded that work culture can engender delivery of quality service. Schneider, Brief and Guzzo [209] investigated the relationship between work culture and total organizational change in organizations such as Ritz Carlton. They discovered that these organizations were more successful because they were more effective in managing three aspects of the organizational environment: the nature of interpersonal relationships; the nature of the hierarchy; and, the focus on support and rewards. Similarly, Schneider, [210] noticed that an organizational environment that promotes citizenship behavior, innovation and customer service enhances organizational performance and success.
Rajendran [211] reported significant correlation between work culture and employee satisfaction in a public sector industry in Tamil Nadu, India. Sharma [212] examined the effects of work culture on job satisfaction, sense of participation, role stress and alienation in private sector and public sector and found that the private sector and the public sector varied significantly on the dominant culture variables and there was significant correlation between the work culture variable and role stress variables. Srivastava [213] studied a group of executives and supervisors and reported that overall work culture is positively related with job involvement and higher order needs (self esteem, autonomy, and self actualization) are related with job involvement. Ali and Akhtar [214] explored the effect of work culture on employee satisfaction and they reported that those who scored high on work culture also differed significantly on satisfaction scale. Pratap [215] studied employee satisfaction and work culture among executives and supervisors, and reported a significant positive relationship between the overall work culture and employee satisfaction.

Gordon [216] also showed that high and low performing companies in the banking and utilities industries had different culture profiles. Kravetz [217] amplified Kanter's findings by showing that management practices fostering participation, autonomy, and creativity were closely correlated with objective indicators of organizational performance. Srivastava and Srivastava [218] described the initiative of a successful Total Productive Maintenance (TPM) implementation in a continuous process firm in India and its effects on the firm’s performance. An expected natural outcome of the initiative was the emergence of the OCTAPACE culture and raising the company’s bottom-line.

Niranjana and Pattanayak [219] tried to explore the dynamics of organizational citizenship behavior, learned optimism, and organizational ethos represented by OCTAPACE in service and manufacturing organizations in India. The manufacturing sector was found to have a better organizational culture whereas service sector had high organizational citizenship behavior and learned optimism. Hence the culture of every bank should be geared towards employee empowerment and implementation of policies that generate high employee morale. High competency levels coupled with high motivation levels amongst employees will ensure dedicated efforts towards growth and development of the enterprise. And the result will be Circle of Excellence [3] as exhibited in figure 2.4.
2.6 CONCLUSION

Thus, it can be clearly seen that extensive research has been conducted on client satisfaction, work culture, employee satisfaction and their interrelationships. Ample literature is available which explains how client satisfaction is important and various studies have been conducted to study the work culture and employee satisfaction. But there still exists a definite gap between the researchers and practitioners approach. Some of the gaps identified in the contemporary research and are as follows. Most of the studies done on client satisfaction have been conducted in the field other than the banking industry. In banking industry too, study in the client satisfaction in Delhi and NCR has not been done before. There is a paucity of research on the study of client satisfaction based on demographic and bank characteristics. In the literature, impact of work culture on performance is well documented but its impact on employee satisfaction is largely anecdotal. Further, the impact of work culture on employee satisfaction and correlation between employee satisfaction and client satisfaction in banking industry are missing in the Indian context. In view of the above literature, this research is directed towards assessing the level of client satisfaction, work culture of employees, their satisfaction, impact of work culture on employee satisfaction and the relationship of employee satisfaction and client satisfaction in banks in Delhi and NCR region.