Chapter VI

Summary, Conclusions and Suggestions

The introduction of reforms in Indian financial system since 1991 coupled with development in technology has brought structural and functional changes in Indian banking system. After the introduction of financial reforms in India, large-scale mergers, amalgamations and acquisitions among banks and financial institutions occurred. There was a growth in size and competitive strengths of the merged entities, resulting in an adoption of a new financial service organization, i.e. Universal Banking. This move attempted to bridge the gap between the banking and financial service providing institutions. Universal Banks includes; normal banking functions as well as other financial services that are traditionally non-banking in character such as investment, insurance, mortgage, securitization etc.

Universal Banking refers to financial intermediaries offering a wide range of banking and financial services under one roof. It is a one-stop super market for both wholesale and retail services. It is a combination of commercial banking, investment banking, insurance and various other activities. The term universal banking can be defined in different ways. Universal banks are financial institutions that may offer the entire range of financial services. They may sell insurance, underwrite securities, and carry out securities transactions for others. They may own equity interests in firms, including non-financial firms. They may vote the shares of companies they own and, if they are delegate as proxies for the owners, they may vote the shares of others (Benston, 1994).

As far as the issue of universal banking in India is concerned, the process started with the report of Narasimham Committee II that suggested the conversion of Development Finance Institutions (DFIs) into Commercial Banks or NBFCs. The Khan Working Group held the view that DFIs should be allowed to become banks. The RBI released a ‘Discussion Paper’ in January 1999 for wider public debate. After that, in the monetary and credit policy of RBI (1999-2000), it was mentioned that Financial Institutions have an option to transform into a bank provided prudential norms (RBI
Guidelines for Existing Banks/Financial Institutions for Conversion into Universal Banks, 2001) as applicable to banks are fully satisfied.

The present study focuses on four Indian universal banks namely; State Bank of India, Punjab National Bank, HDFC Bank Ltd. and ICICI Bank Ltd. These banks are selected as the universal banks on the basis of their annual reports and press releases in which they have characterized themselves as universal banks.

6.1 Objectives of the Study
In view of the above, following are the specific objectives of the study:
1. To analyze the perception of Bank employees as regards the working environment of selected universal banks in India.
2. To study the satisfaction level of customers of selected universal banks in India.
3. To make suggestions for improving customer services and satisfaction of employees towards changing working environment of universal banks in India.

6.2 Data Base and Research Methodology
The database of the present study comprises of both primary and secondary sources. The secondary data obtained from various Government publications and the websites like:
- www.rbi.org.in
- www.iba.org.in
- www.iibf.org.in
- www.idrbt.ac.in

The primary data collected within the state of Punjab and Chandigarh through survey method. For assessing the customer satisfaction and employee perception in universal banks, survey method using a well-drafted and pre-tested questionnaire was employed with a sample size of 500 customers and 400 employees respectively. The study focused on four Indian universal banks, two from public sector, namely; State Bank of India and Punjab National Bank and two from private sector, namely; HDFC Bank Ltd. and ICICI Bank Ltd. Universe of the study comprised of educated residents in the
major cities of Punjab namely Amritsar, Jalandhar, Ludhiana and Chandigarh. The sample was selected on the basis of convenience sampling method.

Based on the above written objectives, the following hypotheses were formulated:

- **H0 to H0**: There is no significant impact of Workplace Environment, Supervision, Cooperation from Peers, Work Discrimination, Work Allocation, Employee Acceptance, Job Security and Remuneration on Overall Job Satisfaction.

- **H0** to **H0**: The length of employment of an employee does not influence employee perception regarding Workplace Environment, Supervision, Cooperation from Peers, Work Discrimination, Work Allocation, Employee Acceptance, Job Security, Remuneration and Overall Job Satisfaction.

- **H0** to **H0**: There is no significant difference among the occupation, age, income and education groups of the customers as regards the ranking of products and services offered by bank.

- **H0** to **H0**: There is no significant impact of Employees Responsiveness, Appearance of Tangibles, Social Responsibility, Services Innovation, Positive Word-of-Mouth, Competence and Reliability on Customers Satisfaction.

- **H0** to **H0**: There is no significant difference among the various occupation, age, education and income groups of the customers and bank selection variables.

In order to study the perception of Bank employees as regards the working environment of selected Indian universal banks, primary data was collected, using well-drafted and pre-tested questionnaire. The sample consisted of 380 bank employees (comprising of 95 employees from each bank i.e. ICICI bank, HDFC bank, SBI and PNB). The high response rate is due to the personal contact approach followed by personal visits and periodic follow-ups over telephone. The survey was conducted during January 2009 to November 2009.

For the purpose of data analysis, descriptive statistics (i.e. frequencies, percentages etc.), weighted average score, factor analysis, one way analysis of variance and multiple regression analysis have been applied.
In the present study, *Weighted Average Scores* (WAS) have been calculated to find out the importance attached by respondents to a given factor rated by them on a five-point scale.

*One-Way ANOVA* is a technique used to compare means of two or more samples. The ANOVA tests the null hypothesis that sample in two or more groups are drawn from the same populations (Malhotra, 2008, p.535). In present study, One-Way ANOVA has been applied to test the null hypothesis that there is no significant difference among the various demographic groups as regards the ratings of different factors.

*Factor analysis* is a general name denoting a class of procedures primarily used for data reduction and summarization. In marketing research, there are large numbers of variables, most of which are correlated and which must be reduced to a manageable level. Relationships among the sets of many interrelated variables are examined and represented in terms of a few underlying factors. Factor analysis is an interdependence technique in which an entire set of independent relationships is examined.

Thus, this technique seeks to resolve a large set of measured variables in terms of relatively few categories, known as factors (Malhotra, 2008, p.639-640). Before applying the factor analysis, Reliability of the scale has been checked with the help of Cornbach’s alpha that assesses the internal consistency of the entire scale. In the present study, factor analysis has been applied for identifying the factors influencing the opinions of customers and employees of the bank.

*Multiple Regression analysis* is adopted when the researcher has one dependent variable that is presumed to be a function of two or more independent variables. The objective of this analysis is to make prediction about the dependent variable based on its covariance with all the concerned independent variables (Kothari, 2007, p.130).

Multiple regression technique reveals the extent and direction of relationship between the dependent variable and several independent variables. The standardized regression coefficients give a measure of contribution of each variable to the regression model. A large value indicates that a unit change in this independent variable has a large effect on the dependent variable. The t and sig. (p) values give a rough indication of the impact of each independent variables- a big absolute t-value and small p value suggests that an independent variable is having a large impact on the dependent variable. The R-
Square generated by regression results indicates the proportion of the variation in the dependent variable explained by the independent variables. The Adjusted R-Square attempts to yield a more honest value to estimate R-square. R square tends to somewhat over-estimate the success of the model when applied to the real world, so an Adjusted R Square value is calculated which takes into account the number of variables in the model and the number of observations (participants) model is based on. This Adjusted R Square value gives the most useful measure of the success of our model. Analysis of variance (ANOVA) assesses the overall significance of the model.

*The analysis was conducted with the help of SPSS Version 15.0.*

### 6.3 Major Findings of the Study

The following are the major findings of the study:

#### 6.3.1 Perception of Bank Employees’ towards Working Environment of Selected Indian Universal Banks

The foregoing analysis of the perception of employees regarding the changing working environment of banks can be concluded as follows:

1. The result of factor analysis reveals that eight factors (accounting for 64.28% of the total variance) namely; Workplace Environment, Supervision, Cooperation from Peers, Work Discrimination, Work Allocation, Employee Acceptance, Job Security and Salary were extracted.

2. Workplace Environment is most important factor as it accounts for 14.403% of the total variance. The employees need good workplace environment because it leads to physical comfort. Workplace environment and layout helps the employees to work efficiently and enhance their self-belief to complete their work on time.

3. Supervision is the second important factor that accounts for 11.489% of the total variance. This factor of job satisfaction indicates the importance of relationship of employees with their immediate supervisors.

4. To determine the driving forces leading to job satisfaction, the above eight factors have been taken as independent variables and overall job satisfaction as dependent variable. The result of multiple regression shows that supervision,
cooperation from peers, work allocation and employee acceptance are found significant towards overall job satisfaction (dependent variable). Others factors namely; workplace environment, work discrimination and job security are found to be insignificant.

5. Four Factors are statistically significant in the model at 5 percent level of significance. Looking at the Beta values for all the variables it can be seen that four factors are positively related to the overall job satisfaction. Looking at the standardized beta values it can be said that in absolute terms, F2, i.e. Supervision, has the maximum effect on the overall job satisfaction of the employees, while F5, i.e. Work Allocation has the least effect on employees satisfaction.

6. An employee length of employment in a particular job is an important variable of job satisfaction. For analysis, bank employees were grouped into four categories of job tenure: (a) those with less than five years; (b) those between six to ten years of service; (c) those with eleven to twenty years of service; and (d) those with more than 20 years of service. The results of Weighted Average Scores (WAS) reveals following findings:

   a) Salary is considered as the most important factor for job satisfaction and ‘Cooperation from peers’ as the least important factor for the employees with the length of employment upto 5 years. The reason might be the individual when he/she enters the organization is initially attracted by salary package offered to him/her. ‘Cooperation from peers’ has been least important which could imply that with the less job tenure employees were not in harmony with the peers, which may result from intense competition among them.

   b) ‘Job Security’ has been considered as the most important and ‘Work Allocation’ as least important factor of job satisfaction by the employees with the length of employment 6-10 years. Job security is the probability that an individual will keep his or her job; a job with a high level of job security is such that a person with the job would have a small chance of becoming unemployed. The employee with the length of employment between 6-10 years, considered job security as the most important factor that motivate them to work with the present organization, the reason may be that they are in a comfort zone and less adaptable to the new organization working environment.
c) The employees with the length of employment 11-20 years and employees of more than 20 years of length of employment have ranked the ‘Cooperation from Peers’ as the most important factor. The reason might be that at higher levels of employment they get more ego satisfaction, status, pay and self direction, so they may feel more sympathetic with management and peers.

7. Analysis of variance (ANOVA) was used to test the statistical differences between the means for each of the selection variables among the employees of Indian universal banks. The F values are significant at 5 percent level of significance for the factors namely; cooperation from peers, employee acceptance, job security, salary and overall job satisfaction. It means the employees have different opinion with regard to these factors of job satisfaction.

### 6.3.2 Perception of Customers’ towards selected Indian Universal Banks

The following are the major findings of the study:

1. The results of WAS show that saving account and credit cards were considered to be the most important products and services offered by HDFC bank to its customers followed by debit cards, fixed deposits, vehicle loan and health insurance.

2. One way analysis of variance results shows that there is significant difference among customers of various occupation, age, income and education groups regarding ranking of products and services offered by HDFC bank. It means the respondents have diverse preferences about the products and services offered by HDFC bank.

3. Saving account was considered to be the most important product offered by ICICI bank to its customers, followed by, debit cards, credit cards, fixed deposit and current account.

4. There is significant difference among customers of various occupation and age groups regarding ranking of products and services offered by ICICI bank. It means the respondents have varying preferences about the products and services offered by ICICI bank.

5. Saving bank account was considered to be the most important product and service offered by the SBI to its customers followed by, debit card, home loan, current account and fixed deposit.
6. There is significant difference among customers of various age and income groups as regards to ranking of products and services offered by SBI, while occupation wise and education wise there is no significant difference among customers. It means the respondents of different age groups and income groups have diverse preferences about the products and services offered by SBI, whereas no significant differences exist in the preferences among occupation and education groups.

7. Fixed deposit was considered to be the most important product by PNB customers, followed by saving account, current account, debit cards and credit cards.

8. There is significant difference among the customers of various occupation, age, income and education groups regarding ranking of products and services offered by PNB bank. It means the respondents have dissimilar preferences about the products and services offered by PNB.

9. Saving bank account is meant for the people who wish to save a part of their current income to meet their future needs and they can also earn in interest on their savings. The results show that the saving bank account is most popular among the customers of Indian universal banks.

10. A debit card facilitates purchases or payments by the cardholders. It debits money from the account of the cardholder during a transaction. The results show that debit card of HDFC, ICICI, SBI and PNB are equally popular among the customers of these banks.

11. Fixed deposit is lump sum of money for a fixed period ranging from a few weeks to a few years and earns a pre-determined rate of interest. Fixed deposits secured the third rank, among the first five most important and preferred products and services offered by Indian Universal banks. This may be due to the reason that it build the saving habit among the customers as well as they earns a pre-determined rate of interest on their fixed saving amount.

12. A credit card is an instrument, which provides immediate credit facilities to its holder to avail a variety of goods and services at the merchant outlets. It is made of plastic and hence popularly called as Plastic Money. It secured the fourth rank.
13. Current account secured fifth rank among the portfolio of products and services offered by Indian Universal banks. Current accounts are cheque-operated accounts maintained mainly for business purposes. Unlike savings bank account, banks on the number of transactions permitted in the account fix no limits. It is popular among the customers due to the reason that it is useful for business houses in their day to day business transactions without any hassle.

14. In order to study the determinants of customer satisfaction factor analysis has been used. The result reveals that seven factors (accounting for 65.203% of the total variance) namely; Employee Responsiveness, Appearance of Tangibles, Social Responsibility, Services Innovation, Positive Word-of-Mouth, Competence and Reliability were extracted.

15. Employee Responsiveness is the most important factor for customers as it accounts for 12.762% of the total variance. Appearance of Tangibles, accounts for 11.72% of total variance and is the second important factor for customers.

16. To determine the factors significantly related to customer satisfaction the above mentioned seven factors have been taken as independent variables and overall customer satisfaction as dependent variable. The result of multiple regression analysis shows that Positive Word-of-Mouth, Reliability and Social Responsibility are found significantly towards overall customer satisfaction (independent variable). Other factors, Employee Responsiveness, Appearance of Tangibles, Services Innovation and Competence are found to be insignificant.

17. Three factors are statistically significant in the model at 5 percent level of significance. Looking at the beta values for all the variables it can be seen that three factors are positively and significantly related to customer satisfaction. Looking at the standardized beta value it can be said that, F5, i.e., Positive Word-of-Mouth, has maximum effect on the overall customer satisfaction, while F3, i.e., Social Responsibility has the least effect on overall customer satisfaction.

18. The statistics reveals that Occupation wise there is an insignificant variation among the responses of the respondents of ICICI bank, HDFC bank and PNB and SBI as regards bank selection variables. The null hypothesis $H_{01.12}$ is accepted for the ICICI bank, HDFC bank, SBI and PNB.
19. The statistics reveals that **Age wise** there is an insignificant variation among the responses of the respondents of ICICI bank, HDFC bank, SBI and PNB as regards bank selection variables. The null hypothesis $H_0^{1.13}$ is accepted for the ICICI bank, HDFC bank, SBI and PNB.

20. The result depicts that **Education wise** there is an insignificant variation among the responses of the respondents of ICICI bank and PNB, while there is a significant variation among the responses of HDFC bank and SBI. Thus, the null hypothesis $H_0^{1.14}$ is rejected for HDFC bank and SBI and accepted for ICICI bank and PNB.

21. The statistics reveals that **Income wise** there is an insignificant variation between the responses of the respondents of ICICI bank, HDFC bank and PNB as regards bank selection criteria. The null hypothesis $H_0^{1.15}$ is accepted for the ICICI bank, HDFC bank, SBI and PNB.

### 6.4 Suggestions

#### 6.4.1 Suggestions from Employees Point of View

Since liberalization, banking sector is considered to be one of the major recruiters. People prefer bank as a career and social status. In order to further improve the satisfaction level of bank employees, bank management should provide regular feedback to the employees about their performance. In the absence of feedback, employees will be discouraged because they don’t know how they are doing or may believe their contribution is unacknowledged. Banks must take feedback from employees about their job, salary, colleagues, workplace etc. Banks are suggested to provide adequate and effective supervision to the employees. The most important factor effecting employee satisfaction with their job is their immediate supervisor. Many employees dislike their supervisor though they like the work they do. To make employees happier in their position, stay longer, and the most important to ensure that customers receive better services, banks must start improving the management skills of supervisors.

Everyone needs to be with those who share attitudes, interests and circumstances that resemble their own. People choose friends who accept and like them and see them in a favourable light. Developing cooperation among peers can allow the greater good to
happen that motivates the employees. Company also must be able to avoid conflict among peers.

Employee acceptance is positively related to the level of job satisfaction. Employees get more committed and dedicated towards their work if their efforts in achieving the organization goals are valued. They feel their presence and importance in the bank which ultimately affects the overall satisfaction level of employees that ultimately enhances profitability.

The estimated increase in overall job satisfaction with Indian universal banks for every unit increase or decrease in these factors is given by the beta values of the respective variables (Figure 6.1). Thus, if satisfaction with supervision increases by one unit, overall satisfaction is estimated to increase by 0.506, keeping all others factors unchanged. An improvement in these factors would bring a positive change in the overall satisfaction level of bank employees and encourage them to give their best for the organisation.

**Figure 6.1**

Proposed Model for Employees Job Satisfaction

<table>
<thead>
<tr>
<th>Standardized Regression Beta Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervision = 0.506</td>
</tr>
<tr>
<td>Cooperation from Peers = 0.125</td>
</tr>
<tr>
<td>Work Allocation = 0.097</td>
</tr>
</tbody>
</table>
6.4.2 Suggestions from Customers Point of View

- Positive Word-of-mouth recommendation is the most focused and most targeted marketing form. Word-of-mouth communication from an existing customer to a potential customer is often the most creditable method of stimulating new business for banks. If the bank has a satisfied customer, it is likely that he will recommend the bank product and service to a friend who has the same tastes and needs, this information will possibly be useful to attract potential customers. That is why word-of-mouth advertising proves so important because it can increase the banks customer base with a given interest profile at a minimum effort, providing that the company focuses upon the strategy to maintain their customers at a high satisfaction level.

- Reliability is the most important factor influencing customer satisfaction with the Indian universal banks. Looking at the individual variables of reliability factor, it follows that banks should invest in monitoring employees in order to make a trust worthy impression on the customers, both in case of the general service encounter as well as in the handling of consumer complaints. In a dialogue with bank customers, management and employees should attempt to find out what customers expect in terms of accuracy, expertise, complaint handling and positive or practical suggestions. This implies an extensive and continuous training program.

- The social responsibility is an easy way for bank to build its brand, reputation and public profile. Customers are attracted towards socially responsible banks.

- The results of the study will provide public and private sector banks with an insight into demographics of their position themselves in accordance with the needs of their respective clients. Armed with this knowledge, bank marketers can focus on relevant features and benefits when interacting with potential customers. Retaining them as customers poses another challenge, so it is also important to know how well banks in the marketplace perform on certain attributes. In the light of such information, bank marketers can modify their marketing strategies to ensure that they emphasize attributes that are the most
important in prompting choice and one that can differentiate a bank from its competitors.

The findings of the study can carry significant managerial implications for bank marketers. A thorough understanding of the salient criteria used by customers in choosing a bank should help bankers to develop more precise, targeted marketing strategies for bank in order to attract a larger number of customers and to better cater to the needs of both customers and potential customers. The study determined association between the demographic variables like age, income, education and occupation and bank selection criteria that would provide a practical basis for segmentation. Through this kind of segmentation, the diversifying needs of various bank customers may be satisfied. Knowing where bank customers place emphasis when selecting a bank should assist managers to find better ways of communicating with their customers and in designing their marketing strategies.

If demographic variables are related to customers bank selection decisions, then this single piece of information would allow for an easy and inexpensive segmentation of the market. It would allow universal banks to take advantage of segmentation without an elaborate and expensive market research program.

- Indian banks are in the process of moving into a more competitive financial atmosphere with a wide variety of financial services. Customers always look for more user-friendly products and services. Through product innovation and competitive price strategy the bank can foster business relationship with its customers. In present scenario, when the banks are offering new products and services on a new technological platform, these may not be acceptable to all the customers. Therefore, the customers should be trained as regard how to use the various products and services. Banks websites should be updated frequently, must provide the right and complete information about new products and services offered by the banks as well as their features and benefits.
The estimated increase in overall customer satisfaction with Indian universal banks for every unit increase or decrease in these variables is given by the beta values of the respective variables (Figure 6.2). Thus, if satisfaction with positive word-of-mouth increases by one unit, overall satisfaction is estimated to increase by 0.402, keeping all other factors unchanged. An improvement in these factors would bring a positive change in the overall satisfaction level of customers.

It can help the academicians as they can update their knowledge regarding factors influencing the customers and employees satisfaction level. It can also help the researchers as this study can provide a base for further research in the area of universal banking.

### 6.5 Limitations of the Study

Research being never ending process makes ground for further researchers. Obviously, all studies and researches have their own limitations and this study is no exception as such. Despite its theoretical and practical relevance, the study does suffer from the limitations. Because the present research is a starting point for a new direction in

---

**Figure 6.2**

**Proposed Customers Satisfaction Model**

<table>
<thead>
<tr>
<th>Standardized Regression Beta Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Responsibility = 0.209</td>
</tr>
<tr>
<td>Positive Word-of-Mouth = 0.402</td>
</tr>
<tr>
<td>Reliability = 0.237</td>
</tr>
</tbody>
</table>
studying the customer satisfaction and employee perception towards Indian universal banks it has encountered a few limitations:

- Any study based on a primary survey through a predesigned questionnaire suffers from the basic limitation of the possibility of difference between what is recorded and what is the truth, no matter how carefully the questionnaire has been defined and the field investigation conducted (Singh, 1989 p.63). For the present study also, some of the respondents might not have stated honest responses for the purpose of maintaining the confidentiality of their records.

- The study is confined to major cities of Punjab. Thus, the findings may not be applicable to other parts of the country because of variations in perceptions and results may not be representative of the general satisfaction level of customers and employees in the country as a whole. The study suffers from regional bias since it covers only Punjab and Chandigarh in view of time and resource constraint. The results are not generalizable to different banks in same sector and same banks in different cities of India.

This limitation offers an opportunity for further research.

- More importantly, increased sample size and multi-city sampling can be considered for future research for better generalization of the findings. Results would be more appropriate if the sample size could be large.

### 6.6 Scope of Further Research

Further research can be carried out to cover the following areas:

- Perception of bank employees regarding banking products and services.
- Perception of bank employees about the bank management and their customers.
- Comparative study of perception of Indian bank customers with the foreign bank customers regarding banking products and services, bank selection criteria and determinants of customer satisfaction.
- Comparative study of financial performance of Indian universal banks.