CHAPTER IV

COMPLAINABILITY OF SERVICES

The chapter on case studies indicated that service situations vary in their potential to generate complaints. Some service failures generated complaints while others did not. Further, once the complaints were made, some complaints had greater impact on the customers in pursuing their complaints.

The conclusions from case studies raise two research issues on CCB. They are;

1. whether complaining behaviour of customers of banks is determined by the degree of complainability\(^3\) of a situation – the strength of a complainable situation to generate complaints; or

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Though the word 'Complainability' is not commonly used, in this study it is used as a term for brevity. Complainability refers to the potential of a service situation to generate complaints. The operational definition of the term is given in this chapter.
2. whether complaining behaviour is determined by the demographic characteristics of the customer.

The complainability of banking services is addressed in this chapter and the relation between customer demographics and propensity to complain is dealt with in Chapter V.

Complainability refers to strength of a dissatisfying experience to generate complaints. In other words, it is the probability that a dissatisfying situation would lead to a complaint. Broadly, in this chapter we will examine the possibility of banking service failures leading to, or not leading to, complaints. Indirectly, the importance of failure of service also will be manifested through the measure of complainability.

Complainability of various service situations was measured through complaint intentions expressed by customers. Generalisations were drawn using the mean complainabilities, posterior classification, as well as factor analysis of the situations.
Research Method

A questionnaire incorporating the situations which were apparently dissatisfying was designed. The recommendations of the Working Group on Banking Services (1977) and the publication by SBI, Bombay Circle, (1989) titled "Guide to Excellence in Services" were the basis for initial design of the questionnaire. The instrument was tested through a pilot study with bankers (n=20) as well as customers (n=20) for potentiality of each situation to generate complaints.

The objective of testing the questionnaire both with bankers as well as customers was to minimise the possibilities of bias. Possibly, bankers have a tendency to underestimate and customers have a tendency to overestimate the potentiality of a situation to generate complaints.

The respondents were asked to indicate the potentiality on a four point scale (Most potential as 4 and Least Potential as 1). Only public sector commer...
cial banks (including State Bank of India and its subsi-
diaries) which have branch(es) in Goa were included in
the purview of the study. While it is difficult to
make a list of complainable situations exhaustive, in
order to make it as comprehensive as possible, the
respondents were asked to add the situations which they
felt would generate complaints. Thus, a list of
situations was prepared eliminating those situations
which had mean potentiality less than 2.5 (midpoint),
and including situations which were suggested by the
respondents.

The list was tested for its clarity and
expression among the first year (n=28) and the second
year (n=23) students of Master of Management Studies of
Goa University. In general, majority of the students
rightly understood the intended meanings of the situa-
tions. Corrections were made where necessary. Thus,
a final list of 59 complainable situations was prepared
(Refer Appendix-1 for the list). The order of listing
of the situations was determined using random number
table.

Before administering the questionnaire in the
field, a few eligible respondents were asked to respond to it. Majority of them responded by saying that, "it depends". Hence, the complainability of a dissatisfying situation could not be concretely evaluated by them. Therefore, the scale was reconstructed to eliminate such neutral responses. Though it resulted in the limitation of not having the capability to capture genuine neutral responses, it was necessary in order to tackle respondents' tendency to avoid exercise of judgments. The resulting scale was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will definitely not complain</td>
<td>-0</td>
</tr>
<tr>
<td>Very low likelihood of complaining</td>
<td>-1</td>
</tr>
<tr>
<td>Low likelihood of complaining</td>
<td>-2</td>
</tr>
<tr>
<td>High likelihood of complaining</td>
<td>-4</td>
</tr>
<tr>
<td>Very high likelihood of complaining</td>
<td>-5</td>
</tr>
<tr>
<td>Will definitely complain</td>
<td>-6</td>
</tr>
</tbody>
</table>

The data for the study were collected on the above mentioned scale using the list of situations (Refer Appendix-1, for the list) which was designed and validated through the pilot study.
For the purpose of the study, complaining was defined as communicating orally and/or in writing, any one or more dissatisfying experiences with the public sector commercial banks in Goa, to any one or more of the following:

(1) any staff in the bank branch
(2) higher authorities in the Regional Office, Tonal Office, Head Office, etc.
(3) the Customer Service Centre of public sector commercial banks in Goa, operated by the State Bank of India, Panaji.
(4) the Consumer Disputes Redressal Forum
(5) the press like newspapers, etc.
(6) the Ministry of Finance, Govt. of India.
(7) the court of law
(8) voluntary customer agency.

The order of listing of the above complaint outlets was again determined using random numbers. The respondents were asked to base their responses on what they did when they had experienced the situations in the past. Obviously, there are two possibilities in such cases. Either they did not complain (0, in the scale)
or they complained (6, in the scale). However, a majority of the respondents did not experience majority of the situations in the past. Hence, they were asked to respond on contemplation - the possibility of complaining in case they experience them in future. Only those who were availing or had availed services of banks in Goa were asked to fill the questionnaire.

Over 400 questionnaires were distributed of which, only 287 were received back. Finally, 281 were accepted and 6 were rejected for being incomplete. The method of sampling followed was quota sampling. To illustrate, to test the demographic variable, age, the respondents were chosen in such a way that customers of all age groups are included in the sample. Hence, it could be observed that customers of different age groups (covering 19-89 years) were covered by the study. (Refer TABLE-2 for sample statistics)

Results

The mean complainability and standard deviation of each of the 59 situations were calculated from
the data collected on a six point scale (For mean and standard deviation, refer TABLE-3). An overall analysis suggests the following.

1. Complainability was highest for "divulging information pertaining to your account to others without your permission". It means customers like to maintain secrecy of their accounts. Customers' refusal and reluctance to respond to the survey were also due to the fear of loss of secrecy of their accounts. Further, bankers, as per law, are expected to maintain secrecy of customers' accounts.

2. The complainability was high for those situations for which "it was relatively easy to prove the branch/branch staff wrong. In other words complainability is directly related with the possibility of attributing blame to branch/branch staff. It is also related to customers' perception that the complaints (if made) are justified under the rules of the bank. The nature of the situations with highest and lowest mean complainability (TABLE-3) also confirms that the attribution of blame, among other things, determines complainability. The customers' perception that their com-
plaints are justified under the banking rules may strengthen the attribution of blame on the branch/branch staff, further increasing the chances of complaint.

3. Complainability is related to ease of establishing the grievance with the bankers. For example, the situation such as 'no personalized attention and recognition to you' might be a relatively difficult grievance to establish, as it is subjective compared to, say, 'delay in collection of local cheque'. Also, in the present day context of mass banking and increasing pressure of work on bank staff, customers probably are not particular about personalised attention and recognition. They would be happy if they get personalised attention and recognition but would not be unhappy if they do not get those.

4. Complainability was high for those situations on which branch had control for either occurrence or redressal or both. For example, for the first five situations for which the complainability was highest, the occurrence and/or redressal of complaints were under the control of the branch.

5. Complainability also varies directly with the
customers' evaluation of the possibility of redressal. Therefore, complainability was high for situations such as 'divulging information pertaining to your account to others without your permission' for which the customer might perceive higher possibility of redressal (though not necessarily in monetary terms) because of the existence of rules to support the grievance. On the other hand 'no personalised attention and recognition to you' might be considered as a weak complaint due to absence of rules for support.

6. The average complainability of all the situations is 3.52 which is above the mid point (3). Situations which had potential lower than the average were eliminated based on the pilot study. This could be one of the reasons. However, 8 out of 59 situations had complainability lower than the mid point and nearly 50 per cent of the situations had complainability higher than the average. So, the list was balanced containing nearly equal number of situations of high complainability and situations of low complainability.

Correlation between mean complainability and
standard deviation was calculated to find out the relation between complainability of services in banks and their variation. The correlation between mean complainability and standard deviation was -0.005 implying that they are unrelated.

Classification of Complainable Situations

In order to find out the relationship between complainability and nature of situations, the situations were classified into different categories. The classification has evolved 14 categories of complainable situations (Refer TABLE- 4, for details). The categories were made based on the need. To elaborate, if a situation, on the basis of its nature, was not fitting in any of the existing categories, an additional category was made. To some extent, the situations are overlapping in their nature and hence the classification could be tentative. The following categories were made and they are presented in the descending order of mean complainability.
<table>
<thead>
<tr>
<th>Category of Complainable Situation</th>
<th>Mean Complainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Violation of law</td>
<td>4.44</td>
</tr>
<tr>
<td>2. Nondelivery of or failure in service</td>
<td>3.91</td>
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<tr>
<td>3. Discourtesy of bank staff</td>
<td>3.89</td>
</tr>
<tr>
<td>4. Monetary loss/ non availability of cash</td>
<td>3.89</td>
</tr>
<tr>
<td>5. Negligence in service</td>
<td>3.69</td>
</tr>
<tr>
<td>6. On-the-counter delay</td>
<td>3.62</td>
</tr>
<tr>
<td>7. Delay in decision making</td>
<td>3.45</td>
</tr>
<tr>
<td>8. Off-the-counter delay</td>
<td>3.41</td>
</tr>
<tr>
<td>9. Indiscipline in service delivery</td>
<td>3.37</td>
</tr>
<tr>
<td>10. Poor knowledge or information on the part of the employees</td>
<td>3.24</td>
</tr>
<tr>
<td>11. High service cost</td>
<td>3.23</td>
</tr>
<tr>
<td>12. Lack of customer orientation</td>
<td>3.02</td>
</tr>
<tr>
<td>13. Complicated procedures</td>
<td>2.96</td>
</tr>
<tr>
<td>14. Inflexible rules</td>
<td>2.70</td>
</tr>
</tbody>
</table>

The classification indicates that complainability varies directly with the ease of establishing the occurrence of the situation. For instance, in 'Violation of law' the mistake can be easily proved with the help of existing rules, as compared to 'Inflexible
rules' in which case, to prove the mistake, the existing rules have to be questioned.

Complainability varies directly with the attribution of blame to the branch/branch staff. In the last two categories, i.e. 'Complicated procedures' and 'Inflexible rules', the attribution of blame is not to branch/branch staff as such issues are dealt with at the policy making level. The complainability is also low and is even below the mid point (3.00). The degree of attribution of blame to branch/branch staff seems to be in descending order from category one through fourteen.

The above analyses indicate that the attribution of blame to branch/branch staff stands out as an important factor determining complainability. Complainability could be high for those situations which are attributable to branch/branch staff because customers might consider that redressal is more likely to be obtained as those responsible for occurrence of complaints are regular contact persons. Further, as mentioned previously complaining behaviour is also determined by possibilities of redressal.
To further verify the role of attribution of blame in determining complainability, all 59 situations were classified into 3 groups as follows (Refer TABLE-5 for classification):

1. Attribution of blame mainly to branch/branch staff,
2. Attribution of blame partly to branch/branch staff; and
3. Attribution of blame not to branch/branch staff.

The t-test results (TABLE-6) indicate that complainability is significantly different (at 0.01 significance level) between situations for which attribution of blame is mainly to branch/branch staff and those for which it is not to branch/branch staff. The differences in mean complainability is significant (at 0.05 significance level) between situations for which attribution of blame is, mainly to branch/branch staff, and partly to branch/branch staff. It is not significant between situations for which attribution of blame is, partly to branch/branch staff, and not to branch/branch staff. It is evident that complainability varies directly with degree of attribution of blame to branch/branch
staff.

It was also observed (TABLE-6) that mean complainability was, high for situations of high attribution of blame to branch/branch staff, medium for situations of partial attribution to branch/branch staff, and low for situations of no attribution of blame to branch/branch staff.

Factorisation

In order to classify situations based on their commonality for simplification, factor analysis (varimax rotation) was done. Fifteen factors with eigenvalues equal to or more than 0.90, explaining 69.6 per cent of the variance seem reasonable to classify the 59 situations. However, only those situations which have factor loading more than or equal to ±0.5 are presented and interpreted in this chapter (Refer TABLE-7 for factorisation). Totally, 43 out of 59 situations (72.9 per cent) have factor loadings more than or equal to ±0.5.
Factor 1 comprises of situations for which attribution of blame is mainly to branch/branch staff rather than to higher levels. The situations also indicate weak defense for the branch in the event of their occurrence as they form some of the basic duties of the bank. The mean complainability (4.1957) of the factor was also highest further confirming the earlier findings.

On the other hand, factor 2 seems to represent situations for which the attribution of blame to the higher level. For example, 'Complicated documents and procedures for applying for loan' is a situation for which the branch has no control as the documents are designed and procedures determined at higher levels. Accordingly, mean complainability of the factor is also low (2.9442), next only to that of factor 6.

In factor 3, except for 'Low interest rates for deposits', customers' attempt is to convert documents such as cheque, draft or withdrawal slip into cash. In the process, they experience inconvenience either due to delay or due to non-delivery of service. The 'Low interest rates for deposits' too, results in
poor return on deposits and could be considered similar to non-availability of required amount of cash when desired. The complainability of the factor is 3.2435, higher than factor 2 and lower than factor 1.

Factor 4 consists of only two situations and they reflect on the working of the staff. The situations share the commonality of absence of staff in the branch during working hours.

Responsiveness refers to the willingness to help customers and provide prompt service (Parasuraman et al., 1988). Evaluation of responsiveness by customers would depend on expectation and perception of performance. The cause of complaints in the situations in factor 5 appears to be customers' perception that banks are not sensitive (responsive) to provide prompt service. In situations such as 'Delay in collection of local cheque' the customers might perceive lack of responsiveness as some effort; like telephoning and inter-branch correspondence would expedite the collection.

Situations under factor 6 appear more as desires for special treatment/service which the banks
might not be providing. In situations such as 'Delay in collection of out station cheque' which occurs largely due to transit delay and 'Delay in sending credit or debit advices' which the banks provide only in select cases, the customers tend to feel that banks have little control due to lack of resources such as personnel and computers. Therefore, the complainability is also the lowest (2.9269).

Factor 7 represents high service charges. With respect to service charges of public sector commercial banks, customers who are aware that they are decided by RBI and IBA would know that they are legitimate. High service charges may also occur due to calculation mistakes of the branch. Hence, factor 7 stands for high service charges which are legitimate as well as those which are not. The first mentioned situation of the factor reflects the latter while the other two situations do not. The mean complainability of the factor is moderate (3.6215).

Factor 8 reflects confusion to customers. In 'Delay in deciding to pay bearer cheque' the confusion arises due to banks' approach to discourage bearer
cheques to avoid making payment to unidentified and non-
genuine payees. The customer will be in confusion as
he/she does not know whether the payment will be made or
not. In 'Not following the queue system in receipt or
payment of cash' again, confusion is caused about the
customer's turn.

In factor 9, except 'Delay in deciding to
issue duplicate demand draft' all other situations imply
either non-delivery of service or delivery of faulty
service. The mean complainability of the factor is
moderate (3.5359).

In factor 10, the situations pertain to delay
in sending information to customers. The mean complain-
ability of the factor is moderate (3.4640).

The situations in factor 13 relate to cus-
tomers' difficulties in borrowing especially, prior to
borrowing. The situation, 'Inadequate information sup-
plied by the bank about schemes, rules and regulations'
could relate to borrowing or depositing.

The situations in factor 14 reflect disre-
spect to one, even as a person rather than as a customer. Accordingly, the mean complainability of the factor is also high (4.0640).

**Conclusion:**

Complainability of banking services seems to be focussed on the branch/branch staff level rather than higher levels. The results of the study indicate that complainability is high for those situations which customers feel the branch/branch staff has control on. Similarly, complainability varies directly with the degree of attribution of blame to the branch/branch staff. Complainability is high for situations where either the occurrence or rectification or both are felt to be under the control of the branch/branch staff.

The fact that complainability is focussed towards branch/branch staff rather than higher levels leads to a conclusion that situations relating to 'service delivery' rather than 'service design' have higher potential to generate complaints. Quite understandably, for a customer, flaw or deficiency in
schemes, rules and regulations, or complicated documents which is generally decided at head office level may seem unchangeable. Therefore, accepting and adjusting to them than complaining could be considered as convenient and rational. On the other hand, when a complainable situation is created and/ or is rectifiable by the branch/branch staff, customers may consider it worthwhile to complain in the hope of redressal. Further, the customers' hope of obtaining redressal could be high because of their close contact with the branch staff.

It could be concluded that customers make a conscious evaluation of cost and benefit of complaining which probably supports making complaints to the branch, due to the previous experience of redressal and/or due to the hope of redressal.

Complaining behaviour is determined by possibilities of redressal which, in turn, depends on validity of complaint as per rules. The implication of the result is that complaints and hence reformation of the system, happen only if substandard services can be objectively verified and established. Further, customers look at complaints not as a means to reform banking
system (which in informal discussions appears to be their concern) but as a means for obtaining redressal.

The results of the study can be used for certain managerial decision making. The fact that complainability is high on service delivery and sharply focussed on branch/branch staff may be viewed as an advantage. It implies that the complainable situations which occur due to poor quality of service at branch level will come to the notice of the bank branch or to some third party through complaints.

This very tendency helps banks to understand customers' feedback about service delivery by way of complaints. Bank branches are service outlets. Performance of service has to finally take place at these outlets (branches). Hence, this calls for stronger mechanism for complaint receipt and redressal at branch level. Presently, banks invite complaints and redress them at levels higher than the branch. We often see advertisements and prominently displayed boards in branches about advising customers to see higher authorities in case of grievance. This is contrary to what customers want. Customers would like to complain to, and obtain
redressal from, branch level.

Therefore, the banks need to strengthen their complaint redressal at the branch level and also train the staff with regard to the following.

1. **To improve quality of service so that complaints are reduced.**

2. **To provide opportunity for customers to report their complaints to the branch.** Since there would be more complaints against service delivery, the staff may tend to discourage them. Therefore, staff at branch level should be trained to accept complaints without any hesitation.

3. **To provide effective redressal.** Higher tendency of customers to complain against service delivery of branch is also due to higher expectation of redressal. In the absence of effective redressal at branch level, the customers will complain further and to higher levels.

Complainability is low for situations where attribution of blame is not to staff and medium for situations where attribution of blame is partly to staff.
and high for situations where attribution of blame is mainly to staff. The reason for low complainability could be customers' perception of low possibility of redressal, if the branch/branch staff is not responsible. Else, it could be because fewer avenues to lodge complaints to levels other than the branch. The avenues available other than the branch could be considered costlier and/or inaccessible by customers. In either case there is a need to make a systematic effort to receive complaints on policy making levels and about service design related situations. To understand the limitations of the existing as well as proposed policies (rules, regulations, procedures, schemes, etc.), the banks should have a feedback system whereby customers' responses are obtained from time to time. The feedback would enable more "customer friendly" policies and also would make customers involved in design of banking services.

The results of the study lead to certain managerial implications for banking services. The customers' tendency to complain against service delivery related situations would provide an opportunity for improvement. However, low tendency of customers to
complain on service design may result in very few service design changes. As a result, poor service designs would continue to exist due to lack of customer feedback unless proactive actions are initiated by the banking system.

Customers have higher tendency to complain on service delivery than service design. Further, majority of them are interested in better service for self than improvements in the banking system. However, a few customers have expressed complaint intentions on service design, demanding changes in the system. Future research might concentrate on exploring profile of the complainers who demanded changes in the system.

In the present study, situations are classified into three groups on the basis of attribution of blame using common sense. Obviously, this classification is not based on customers' opinion. Therefore, it would be better to research as to which situations, customers really consider as situations under the control of the branch/branch staff so that banks can train their staff to know in advance about complainability of service situations.