CHAPTER II

REVIEW OF LITERATURE

In this chapter, we review the literature on CCB. We start with a brief discussion on relation between CS/D and CB, and we then move on to a discussion on the findings of previous research on role of mediating variables in determining CCB. (It may be observed that currently researchers are investigating on the effect of mediating variables on CB, as CD - CCB relation was found to be weak.) Further, the gaps in the current studies are identified and the need for the present study is highlighted.

Past research in this area is scant, unorganised, largely limited to survey methodologies and confined to American/European samples (Chiu et al., 1987). To that extent the findings of the previous research are questionable on their applicability to
Indian/Goan conditions. Still, the review of literature is expected to throw light on research done in this area in the past and the directions for the present study.

The area of CS/D & CB seems to have a relatively high potential for research primarily because the literature on this has evolved recently (after 1970) and therefore it is limited (Hunt, 1977). Hunt (1977) in his review of 73 publications on CS/D & CB noted that only 12 had appeared prior to 1972. In his bibliography, he (Hunt, 1982) listed more than 500 publications.

Gronhaug and Kvitastein (1991) estimated a total of 800 to 900 published contributions in the field of CS/D & CB. In all, while it is a fact that research in this area is growing, the availability of literature is limited.

Complaining behaviour is a post-acquisition process in the buying process of goods and services. The major components of post acquisition process have been noted by Mowen (1990) as follows:
The term, product includes both goods and services. "A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organisations and ideas" (Kotler, 1983). The above process implies that a complaint can originate only from those who acquire and use a product. But some researchers (Jacoby and Jacob, 1981) have argued that CS/D and CB could originate even from those who do not acquire and use a product.

In the process of consumption of goods or services, consumers evaluate the performance against their expectations. The product performance may either confirm or disconfirm the expectations. When the perceived product performance is more or less equal to expectation, the expectation is said to be confirmed.
When the perceived product performance is not equal to the expectation, the expectation is said to be disconfirmed.

When the performance is more than the expectation, it is termed as 'positive disconfirmation' and when the performance is less than the expectation, it is considered as negative disconfirmation. Generally, negative disconfirmation is more likely to lead to complaints. Oliver (1983) described the relationship between expectation, performance and satisfaction as follows:

<table>
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<th>Expectation, Performance and Satisfaction</th>
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<tr>
<td>Perceived Performance Relative to Expectation</td>
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<td></td>
</tr>
<tr>
<td>Better</td>
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<tr>
<td>Same</td>
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<tr>
<td>Worse</td>
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In judging the performance of a product, the consumer compares a set of performance outcomes to the outcomes that were expected for the item. Obviously,
satisfaction/dissatisfaction is determined by the perceived performance vis-a-vis the level of expectation.

The expectation-disconfirmation paradigm is only one of the approaches to consumer dissatisfaction. Jacoby and Jaccard (1981) identified satisfied complainers, non-consumer complainers and complainers who were influenced by fear of future consequence rather than perceived dissatisfaction. They also categorised some complainers as professional complainers who wanted to profit from complaining. Therefore, they included such dissatisfactions which might not be perceived but expressed as 'purported dissatisfaction'.

The initial theoretical approach of expectation - disconfirmation as the origin of complaints is not sufficient to explain CS/D and CB. All complaints may not result from perceived dissatisfaction. Therefore, a variety of additional theoretical approaches have been used to explain the consumer satisfaction/dissatisfaction. These include equity theory, attribution theory and experientially based affective feelings (Hown, 1990). While all these theories are based on perceived performance, the actual performance of a
product has been suggested as a possibility in determining CS/D (Oliver and De Sarbo, 1988).

In one of the attempts to conceptualise CCB, perceived consumer dissatisfaction (CD) was posited as a significant predictor of CCB (Landon, 1977). As has been noted, all consumer complaints may not necessarily originate from CD (Jacoby and Jaccard, 1981). As all complaints may not originate from CD, all CD may not result in complaints as well. Aarøsen and Best (1977) in a survey of 2400 households revealed that:

1. one in every five purchases of products and services resulted in consumer dissatisfaction with something other than price;
2. less than half of these perceived problems elicited complaints to producers and others; and
3. one in three of the complaints ended with unsatisfactory resolution of the problem, corroborating the above conclusion.

As noted earlier, evaluation of dissatisfaction is more dependent on perception than reality. Satisfaction or dissatisfaction is defined ...... as
the buyer's cognitive state of being adequately or inadequately rewarded in a buying situation for the sacrifice he has undergone (Howard and Sheth, 1969) which was adopted by Bodur (1977). Thus, satisfaction is not determined by the 'objective reality' of the purchase situation but by how the consumer perceives it (Bodur, 1977).

Review of literature on CS/D per se is not done as the present study focusses on CCB rather than CS/D. This study neither measures CS/D, nor examines the relation between degree of dissatisfaction and complaining behaviour.

When a consumer perceives dissatisfaction, a number of actions are available to him/her. They range from taking no action at all, through discussing the complaints with family and friends to complaining to the retailer or other institutions within the marketing channels to actions through consumer protection agencies or the court of law (Richins, 1979). A brief account of typology of consumers' responses to dissatisfaction is presented.
Typology of Consumer Complaints

CCB research suggests that complaint behaviour is a complex phenomenon which varies greatly by consumer and situation (Halstead, 1990). As noted previously complaints may occur from dissatisfied consumers, satisfied consumers and even when no purchase is involved.

Definition of Complaint

Viewed from this angle, the definition proposed by Jacoby and Jaccard (1981) appears appropriate for the purpose of this study. In their definition, complaint is looked as communicating something negative. They defined a consumer complaint as "an action taken by an individual which involves communicating something negative regarding a product or service to either the firm manufacturing or marketing the product or service or to some third party entity such as the Better Business Bureau or the Federal Trade Commission (Jacoby and Jaccard, 1981; P. 6)."
For the present study, a complaint may be defined as individual customers' communicating something negative about banking service either to the branch or to the higher levels or to some third party entities such as court of law, the Consumer Disputes Redressal Forum or any voluntary consumer agency.

They further described complaint as 'basic' Vs 'involved'. Basic complaints involve redress which is limited to the value of the product or service (such as a refund or exchange). Involved complaints include compensation beyond the value of the product, as in a suit for damages. It may be noted that Jacoby and Jaccard's (1981) definition includes public actions and does not include private actions (described later in the chapter). Therefore, Singh and Widing (1991) distinguished between CCB and CCR (consumer response behaviour). CCR is broader than CCB, as apart from public action it includes responses like switching patronage and spreading negative word of mouth.

CCR is comprehensive for it includes all possible responses to dissatisfaction. But, in this study, a complaint is defined to include only public
actions, as culturally Indian/Goan consumer would consider only a public action as complaint. However, a study of consumer responses to dissatisfying experiences is also done so that comprehensive CCR taxonomies for banking services, if possible, could be evolved.

Day and Landon's Classification

Day and London (1977) proposed a two level classification which distinguished first a consumer's actions from no-action responses. The second level of classification is between public and private actions. The following figure shows the classification.

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Dissatisfaction occurs

<table>
<thead>
<tr>
<th>Take some action</th>
<th>Take no action</th>
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<tbody>
<tr>
<td>Public action</td>
<td>Private action</td>
</tr>
</tbody>
</table>
| Seek redress directly from business | Legal action to public or private agencies
| Complain to seller or manufacturer | Boycott and Warn friends
|                                | relatives |
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**Day's Classification**

Day (1980) suggested another classification on the basis of consumer's objectives of complaining. They are:

1. Redress Seeking: to seek specific remedy from the seller.
2. Complaining: to communicate dissatisfaction for reasons other than seeking remedy such as to persuade others or affect future behaviour; and

**Singh's Classification**

Singh (1988) argued that the preceding CCB taxonomies have entirely different bases for categorisation. He assessed the validity of the current operationalisation and taxonomies using data from different and independent CCB situations (grocery, medical, auto repair and banks) and found, that none was an adequate representation of the empirical observation. The following figure depicts the CCB taxonomy proposed by Singh, (1988).
Singh (1988) argued that the three-dimensional view of CCB has the potential to provide better explanation and predictions of CCB. Voice CCB is directed to objects external to the consumer's social circle (i.e. informal relationships) and are directly involved in the dissatisfying exchange (e.g. retailer, manufacturer). The 'no action' responses are included in this category because they appear to reflect feelings toward the seller. The third party response includes objects that are external to the consumer, as in the voice CCB, but they are not directly involved in the dissatisfying transactions (e.g. legal agencies, newspaper, etc.). Finally, for the private CCB response the objects are neither external to the consumer's social circle nor are they directly involved in the dissatisfying experience. (e.g. friends, relatives etc.).
The conceptualisation and classification of CCB provide an account of what constitutes a complaint and what are the sets of action(s) available to consumers. However, the classification would be restrictive and inadequate if consumer's response(s) to a dissatisfying experience is (are) not studied. Various alternative courses of action available to consumers (in auto repair) include the following (Singh, 1988).

CCB1- Forget about the incident and do nothing.
CCB2- Definitely complain to the store/manager on your next trip.
CCB3- Decide not to use that repair shop again.
CCB4- Go back and call the repair shop immediately and ask them to take care of your problem.
CCB5- Speak to your friends and relatives about your bad experiences.
CCB6- Convince your friends and relatives not to use that repair shop.
CCB7- Complain to a consumer agency.
CCB8- Write a letter to the local newspaper about your bad experience.
CCB9- Report to the consumer agency so that they can warn other consumers.
Take some legal action against the repair shop/manufacturer.

The above CCB alternatives may be adopted by a consumer either in single or in combination of more than one. In understanding CCB the alternatives listed above seem to be appropriate. Therefore, the above CCB alternatives (For details, refer Chapter VI) than a posterior classification are used because they provide clear and precise response alternatives to the consumer.

Definition of Complaining Behaviour

Complaining behaviour has been defined as a response to dissatisfaction, as a problem solving process and as a form of negative feed back to the marketeer or manufacturer (Jacoby and Jaccard, 1981; Fornell and Westbrook, 1979). It is generally agreed that dissatisfaction is not sufficient to cause complaint behaviour, especially public action (Gronhaug and Zaltman, 1981; Grabicke et al., 1981; Krishnan and Valle, 1979). Complaining behaviour may be defined as a set of actions which could have triggered from dissatis-
faction. Obviously, complaints need not necessarily originate from dissatisfaction and may also vary in terms of response behaviour.

Numerous studies examined the determinants of CCB. The conceptual model of Day and Landon (1977) identifies three broad categories of determinants. They are; market-related factors, consumer related factors and situation related factors. This was also supported by other researchers (Day et al., 1981; Jacoby and Jaccard, 1981; Day and Landon, 1976).

**Market Related Factors**

At least 5 variables associated with market related factors influence whether a consumer complains. These are: (a) the reputation of the seller; (b) ease of access; (c) the firm's willingness to provide redress; (d) the customer's perception of the store's intentions and the number of available sellers (Halstead, 1990).

The five variables on market related factors determining the propensity to complain seem to have
little applicability to the present study. The reasons are:

1. The present study does not deal with a comparison of the complaining behaviour of customers of public sector commercial banks to that of customers in some other product or service organisation. Therefore, the variables such as reputation of the seller, the ease of access, the firm's willingness to provide redress, customer's perception of firm's intention or the number of sellers operating in the market can not be evaluated properly for lack of comparison.

2. Amongst the public sector commercial banks, it is reasonable to assume that all the banks are operating more or less in similar conditions. Hence consumers' perception of market related variables across banks may not vary much. So, the variables may not have much influence on propensity to complain due to inter-bank similarities.

3. Further, the results of the previous research do not differ greatly and therefore the issue may be considered as closed for research.
Consumer Related Factors

The consumer related variables affecting propensity to complain include (a) personality (b) attitudes (c) motives (d) values (e) lovel and sources of information (f) life style and (g) demographics. Research on each variable is discussed below in brief.

Personality

So far as personality as a variable affecting propensity to complain is concerned, there are two sets of findings. According to Wall et al. (1977) and Fornell and Westbrook (1979), consumers who complain tend to be more self-confident and assertive. Some consumers have high tendency to complain across all product categories (Day and Landon, 1976). On the other hand Bearden and Teel (1980) did not find a significant positive relationship between self-confidence and tendency to complain. Personality characteristics such as dogmatism and locus of control are weakly related to complaining behaviour (Seattle and Golden, 1974; Zaichkowsky and Liefeld, 1977).
Consumer's Attitudes

Barnes and Kelloway (1980) found that consumer's attitudes towards business and government are somewhat related to the complaining behaviour. Interestingly, complainers are not proponents of consumer organisations nor do they have more negative attitudes towards business than non-complainers (Moyer, 1985). Higher levels of complaint intention (Bearden and Crockeatt, 1981), self reported complaining behaviour (Richins, 1981) and decision to seek third party redress (Singh, 1988) were found among those who have positive attitude towards complaining.

Motives

Landon (1977) listed seven motives which might influence a consumer to complain. According to him, consumers complain:
- in order to help themselves;
- in order to help others;
- in order to help the firm;
- in order to get even;
- in order to get pleasure;
- in order to obtain an apology; and
- in order to obtain further information.

Values

If consumers perceive that the time required to be spent for complaining could be better used doing something else, the tendency to complain could be low. Stokes (1974) and Feldman (1976) in their analyses of complaint letters indicated that complaining was much more prevalent among individuals with spare time.

Level and Source of Information

Adequate product information (Wali et al., 1977) and information on how to lodge complaints (Day and Landon, 1976) have been found to give consumers a higher tendency to complain. Moreover, complainers also tend to seek more information than non-complainers (Moyer, 1985).
Life Style

No kind of relationship was found between life-style and complaining behaviour. However, Warland et al. (1984) found a significant correlation between level of community involvement and complaining.

Demographics

CCB studies have focussed on a number of demographic variables like age, education, income, occupation, sex etc. as characteristics of complainors. The following are the major findings:
### Socio-demographic Characteristics and Propensity to Complain

<table>
<thead>
<tr>
<th>Demographic Characteristics</th>
<th>Relationship Significant</th>
<th>Relationship Not Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Granbois et. al. (1977)</td>
<td>Pfaf and Blivice (1977)</td>
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<td></td>
<td>Miller (1973)</td>
<td>Gronhaug (1977)</td>
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<tr>
<td></td>
<td>(Those who are in the age group of 25-40 years have high propensity to complain)</td>
<td>Thomas and Shuptrine (1975) Zaichkowsky and Liefeld et. al. (1975)</td>
</tr>
<tr>
<td>Income</td>
<td>Liefeld et. al. (1975)</td>
<td>Granbois et. al. (1977)</td>
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<td></td>
<td>Gronhaug (1977)</td>
<td>Thomas and Shuptrine (1975)</td>
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<td></td>
<td>Warland et. al. (1984)</td>
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<td></td>
<td>Moyer (1985)</td>
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<td></td>
<td>Morganosky and Buckley (1987)</td>
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<td>Handy (1977)</td>
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<td>Warland et. al. (1977)</td>
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<td>Education</td>
<td>Pfaf and Blivice (1977)</td>
<td>Handy (1977) Gronhaug</td>
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<td></td>
<td>Thomas and Shuptrine (1975)</td>
<td>Landon and Emery (1977)</td>
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<td>Stockes (1974)</td>
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<td>Liefeld et. al. (1975)</td>
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<td>Warland et. al. (1984)</td>
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<tr>
<td></td>
<td>Moyer (1985)</td>
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<td></td>
<td>Morganosky and Buckley (1987)</td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td>People in managerial and professional occupations have high propensity to complain: Liefeld et. al. (1975) Gronhaug (1977) Moyer (1985)</td>
<td>Granbois et. al. (1977) Thomas and Shuptrine (1975)</td>
</tr>
<tr>
<td>Sex</td>
<td>Granbois et. al. (1977)</td>
<td>Pfaf and Blivice (1977)</td>
</tr>
<tr>
<td></td>
<td>Gronhaug (1977)</td>
<td>Thomas and Shuptrine (1975)</td>
</tr>
<tr>
<td>Social Status</td>
<td>Warland et. al. (1984)</td>
<td>Wall et. al. (1977)</td>
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<td></td>
<td>Warland et. al. (1975)</td>
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Relatively, all the consumer related factors, except the demographic variables, are subject to manipulative responses by consumers. In other words the variables like personality, attitude, motives, values, lifestyle and level of information with consumers are more susceptible to manipulation by consumers while responding to researchers. Consequently, conclusions may be invalid. However, the demographic variables are precise and hence the possibility of providing reliable information is relatively high. For example, a respondent cannot manipulate his/her response on sex. Therefore, on account of two reasons further investigation on demographic variables seems necessary. One, a wide variation exists in the findings of the previous research and hence a study on relationship between demographics and complaining behaviour on Indian samples is necessary. Two, the relatively high possibility of reliability of data is likely to lead to greater validity of the findings. The fact that some researchers found demographics to be significant and some did not, indicate the possibility of demographics being determinants in certain situations. Hence, the issue is open and not closed for research in new situations,
contexts, organisational types, etc.

Situation Related Factors

Propensity to complain is also influenced by situational factors. Results of previous studies with respect to certain variables are discussed below in brief:

1. The product
2. The social climate
3. The importance of the situation
4. The attribution of blame
5. Cost of complaining

The Product

Day and Landon (1976, 1977) found that consumer complaining is more likely to occur when the product is expensive, durable and easily returned or repaired.
level of dissatisfaction is different. (Halstead, 1990).

**Attribution of Blame**

Consumers who attributed blame for a bad buying experience to manufacturers, stores or advertisers were most likely to complain publicly; those who accepted blame were likely to do nothing (Krishnan and Valle, 1978).

**Cost of Complaining**

Richins (1981) found that complaining behaviour has inverse relationship with cost of complaining.

**Severity of the Problem**

Severity of the problem is assumed to be linked to dissatisfaction: serious problems will cause greater dissatisfaction. Bearden and Mason (1984)
hypothesised that complaint behaviour is positively related to perceived cost associated with unsatisfactory purchase. The respondents who reported taking public action perceived significantly greater costs than those taking no action.

Some of the early researchers (Bearden et al., 1979) assumed that an understanding of dissatisfaction will facilitate the understanding of complaining behaviour. This conceptualisation further subdivides into: (1) those who consider that complaint intensity is directly proportional to the related dissatisfaction, and (2) those who consider that dissatisfaction triggers complaints with intensities mediated by other factors such as cost involved, individual differences or attribution of dissatisfaction (Singh and Howell, 1985).

The situational factors mediate the intensities of dissatisfaction. CD was said to result from a combination of the discrepancy between expectation and performance and importance of the discrepancy to the customer (Landon, 1977). Much research in understanding CD-CCB relationship has ignored this notion about the
importance of the discrepancy (Singh and Pandya, 1991). Results of some of the previous studies (Bearden and Teel, 1986; Gilly, 1987) contradict the assumption of higher discrepancy and importance resulting in greater chance of CCB.

Thus, results of previous research are indeterminate on higher discrepancy and importance of dissatisfaction leading to higher chances of CCB. In Indian/Goan context, the possibility of various other factors influencing CCB cannot be ruled out. These factors include tendency to avoid complaining or preference to suffer in silence on the part of the consumers, tendency to discourage complaints on the part of the bankers, non-availability of adequate avenue to complain or lack of knowledge to use the avenues, high cost of complaining, uncertainty of redressal, fear of consequences of complaining and so on.

An attempt is made in this study to understand the role of situational factors through case studies, as it was not known as to which are the variables relevant for CCB in banks in Goa. The case studies also provided a basis for selection of service situa-
tions to measure consumers' complaint intentions.

Consumer Complaining Behaviour in Services

For services, neither consumers' dissatisfaction nor complaining behaviour is lower than that for durables (Day and Bodur, 1977; Andreason and Best, 1977). The summary research on consumers' responses to dissatisfaction with respect to durables, non-durables and services is presented in TABLE-1.

From the research findings (TABLE-1), it may be concluded that services are equally, if not more, prone to complaint responses from consumers. A comparative analysis by Day and London (1975) also shows that public action in the case of services is not lower than that in the case of durables and non-durables.

Day and Ash (1979) reported that in the case of durables and services the dissatisfaction levels are considerably higher than that for non-durables. However, studies on understanding complaining behaviour in service industries seem to be inadequate. Among service
industries, a large variation exists due to the nature of business, customer profile and level of development of the service industry. For example, the extent of customer contact is high in services such as airline and education, low in banking service and could be even absent in insurance services. Management scientists (Chase and Tansik, 1983) and service marketeers (Langeard et al., 1981) have noted that the extent of customer contact is an important factor in services for organisational design and classification. Therefore, results of the research in one service industry are likely to be not applicable to other service industries and hence there is a need for research in banking industry.

Research on CCB in Banks in India

Studies on complaints and complaining behaviour of customer in banks in India are limited. Vijaya Bank (1988) in a study found that percentage of customers who complained, varied across sex, occupation and income levels. Sex wise distribution of complaints showed that 12.1% of men, and 8.1% of women, had com-
plained during the past one year. Overall, complaints were made by 11.4% of the customers. Businessmen, professionals, self-employed and traders constituted a relatively higher percentage of complainants. Post-graduates made the highest percentage of complaints.

In a survey conducted for the State Bank of India in Goa (Hegde and Ramesh, 1990), only 461 (7.03) out of 6346 customers had reported dissatisfaction in the previous one year. However, only 5.6% of the customers i.e. 79.9% of the dissatisfied customers had complained.

But these studies seem unrepresentative as the samples were drawn from one bank. The present study addresses customer complaining behaviour with respect to services in the public sector commercial banks (including State Bank of India and its subsidiaries) in Goa.

Conclusion

The existing CCB research indicated that all dissatisfactions may not lead to complaints and all
complaints may not necessarily originate from dissatisfaction. Therefore, current researchers are investigating the role of mediating variables. Accordingly, this study does not examine the relation between CS/D and CB but, examines the relation between mediating variables and CCB.

Research on CCB is relatively less developed and hence further research in the area is necessary. Research on CCB in services in general and on a specific service industry in particular, is still limited. Findings from research in one service industry could be inapplicable to other service industries. Therefore, a study on complaining behaviour of customers in public sector commercial banks in Goa is considered as relevant.

The previous studies were confined to survey method. The present study adopted case method of research also, to understand the phenomenon of CCB in banking services in Goa. In this study potentialities of various service situations in banks to generate complaints were analysed as previous research did not deal in detail with CCB in specific service industry.
The market related were not considered and some situation related and consumer related factors were considered on the basis of their relevance and need for investigation.

Typology of CCB has been studied abroad. The present study attempts to explore whether typology of CCB is different for banking service in Goa and the study also deals with post-redressal/non-redressal patronage behaviour of customers.