ABSTRACT

DETERMINANTS OF EXPEDITIOUS COMPLAINT REDRESSAL IN BANKS

BY

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Worldwide research commends that firms have a pragmatic approach towards redressal of customer complaints. For the firms, investment in complaint handling is a means of avoiding potentially high costs associated with unresolved conflicts (S. Ramnarayan 1984). The urge to blame the customer for failing to understand or pointing a finger at them for being unsophisticated or even ignorant -- is an indulgence no firm can afford (Mark Stevens, 1998). Researchers thus advise the firms, to be grateful to the customers who complained, as they could have just walked away to welcoming competitors. With every complaint, the customer provides another opportunity to serve him better.

Studies throw light on different dimensions of complaint redressal. Some view it as a business strategy, and others reckon it as a procedure of corrective justice. Complaint resolution is defined as “the strategies firms use to resolve and learn from service failures in order to (re) establish the organization's reliability in the eyes of the customer” (Hart, Heskett and Sasser 1990). It is also defined as “a sequence of events in which a procedure, beginning with communicating the complaint, generates a process of interaction through which a decision and outcome occurs” (Tax, Brown and Chandrashekaran 1998).
Although research in complaints and complaining behavior has grown exponentially, the area of managerial response to the complaints remained unexplored for long. Few authors like Bitner(1997) Westbrook(2000) have emphasized recently, the significance of studying the determinants of managerial response to complaints. In particular, Westbrook(2000) proposed a research agenda of studying the behavior of the managers in relation to customer satisfaction/ dissatisfaction.

Determinants of complaints in the banks in Goa have been researched by Hegde(199(9) who found that the customers’ propensity to complain depends on the situational characteristics in banks, rather than customer demographics. Given these findings, the present research is an attempt to unearth the factors that would affect the branch managers’ propensity to redress the complaints expeditiously.

The research was carried out in different stages. Three case studies in polar settings of rural, semi-urban and specialized branches provided insight into the process of complaint redressal. These were supplemented by in-depth, open-ended interviews with the branch managers, for comprehensive information on the subject. Critical incidents of complaints were gathered and used in a projective scenario technique to elicit managers’ responses to common complaints in banks. The responses were classified as portraying high, medium or low propensities to redress expeditiously, with the help of criteria evolved with the expert opinion. The results of the statistical tests affirmed or denied the relationship between the factors selected for empirical study and the managers’ propensity to redress.

Out of the customer characteristics tested, the results affirmed that while assertiveness in complaining positively motivated the speedy response from the
managers, chronic complainers de-motivated the managers. Aggressiveness in complaining did not seem to affect the managers' propensity to redress promptly.

Business considerations dominated the managers' drive towards speedy redress since N.R.I.s received prompt redress and defaulters were scorned at. The branch location or nature, whether rural, semi-urban or specialized did not affect the managers' propensity, and customers complaining directly to higher authorities also did not matter. Another branch being responsible for the delay in cheque collection did not affect the managers' drive for rendering prompt response. However, rigid adherence to rules seemed to stifle the managers' propensity to handle the complaints relating to loan sanctions. The selected demographics of the managers did not seem to have any relation with their propensity to redress speedily.

The research could have practical implications for top-level management. It could help to provide appropriate training and orientation to the managers towards desired behavior, while interacting with the customers. The firm could sustain long-term profitability through a balance between the employee and customer satisfaction.